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COTTON RESEARCH AND PROMOTION PROGRAM

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HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH CONGRESS

SECOND SESSION

ON

H.R. 12322

FEBRUARY 8 AND 9, 1966

Serial X

Printed for the use of the Committee on Agriculture

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COTTON RESEARCH AND PROMOTION PROGRAM

TUESDAY, FEBRUARY 8, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to notice, at 10:10 a.m., in room 1301, Longworth House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Gathings, Abernethy, Abbitt, Jones of Missouri, Hagen of California, Purcell, O'Neal, Foley, Stalbaum, de la Garza, Vigorito, Redlin, Bandstra, Greigg, Callan, Dague, Teague of California, Quie, Findley, Dole, Burton of Utah, Walker of Mississippi and Polanco-Abreu.

Also present: Martha Hannah, staff; Hyde H. Murray, assistant clerk; John J. Heimburger, counsel; and Francis LeMay, consultant.

The CHAIRMAN. The committee will please be in order.

I want to make just a brief statement before we call the first witness.

I am certain that all of you know that this committee has been intensely interested in the cotton industry for many years, and for many years prior to January 1, 1953, our programs have operated very successfully and very well. We have maintained the farm income and have stabilized farm prices. Actually, that has been true for the last several years.

Prior to January 1, 1953, the market prices had averaged 100 percent of parity or more. On January 1, 1952, the cotton program alone showed a net profit to the taxpayers of roughly $8 million. The price support programs on all of the basic commodities, through all of the years, showed a net profit of $17 million.

Since that time we have accumulated tremendous surpluses, and we have sustained gigantic losses. The losses in the commodities run to more than $2 billion at the present time, and we are still faced with the problem of dealing with surpluses which we now have on hand.

Our farmers have cooperated with the Government in every way possible. We have decreased production.

We have a cotton bill now in operation. We had one just preceding that which proved to be very expensive but which we think revitalized the textile industry of America.

The textile industry is important not only to the farmers but to all segments of the cotton economy. It is very important to my own State of North Carolina. We have more spindles in North Carolina than in any State in the Union. We have more people employed in our textile mills than in any State in the Union, and it is necessary for us to maintain the cotton industry.

In recent measures that we have enacted, and in the programs which have been in operation, and are now in operation, and which are for that purpose, we have tried to make cotton competitive. Synthetics are making inroads, and cotton, as a commodity, is in danger unless we can do something to stop this. The producers of these synthetic fibers are spending huge sums of money in research and in promotion. The bill which I have introduced has for its purpose some aid for cotton which we have not yet provided.

I want to say at the outset this will not be called a Cooley tax bill. Everytime we pass a bill out, it has been called a Cooley tax bill. [Laughter.]

This is a bill to authorize the farmers to express themselves freely in terms of a referendum, as to whether or not they want to make a contribution to this endeavor. It will be a voluntary contribution and I have a feeling that the farmers will accept it and will make the contribution necessary to finance the program.

One other effect will be that it will relieve the farmer of the criticism of being some sort of a parasite on Government funds. Actnally, it is a program to permit the farmers to do something for themselves.

(H.R. 12322, introduced by Mr. Cooley, and departmental report follow:)

[H.R. 12322, 89th Cong., 2d sess.]

A BILL To enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton

Be it enacted by the Senate and House of Representives of the United States of America in Congress assembled, That this Act shall be known as the Cotton Research and Promotion Act.

LEGISLATIVE FINDINGS AND DECLARATION OF POLICY

SEC. 2. Cotton is the basic natural fiber of the Nation. It is produced by many individual cottongrowers throughout the various cotton-producing States of the Nation. Cotton moves in large part in the channels of interstate and foreign commerce and such cotton which does not move in such channels directly burdens or affects interstate commerce in cotton and cotton products. All cotton produced in the United States is in the current of interstate or foreign commerce or directly burdens, obstructs, or affects interstate or foreign commerce in cotton and cotton products. The efficient production of cotton and the maintenance and expansion of existing markets and the development of new or improved markets and uses is vital to the welfare of cottongrowers and those concerned with marketing, using, and processing cotton as well as the general economy of the Nation. In the years since World War II, United States cotton and the products thereof have been confronted with intensive competition, both at home and abroad, for foreign-grown cotton and from other fibers, primarily manmade fibers. The great inroads on the market and uses for United States cotton which have been made by manmade fibers have been largely the result of extensive research and promotion which have not been effectively matched by cotton research and promotion. The production and marketing of cotton by numerous individuals farmers have prevented the development and carrying out of adequate and coordinated programs of research and promotion necessary to the maintenance and improvement of the competitive position of, and markets for, cotton. Without an effective and coordinated method for assuring cooperative and collective action in providing for, and financing such programs, individual cotton farmers are unable adequately to provide or obtain the research and promotion necessary to maintain and improve markets for cotton.

It has long been found to be in the public interest to have, or endeavor to have, a reasonable balance between the supply of and demand for cotton grown in this country. To serve this public interest the Congress has provided for the com-

prehensive exercise of regulatory authority in regulating the handling of such cotton supplemented by price-support programs with the objective of adjusting supply to demand in the interest of benefiting producers and all others concerned with the production and handling of cotton as well as the general economy of the country. In order for the objective of such programs to be effectuated to the fullest degree, it is necessary that the existing regulation of marketing be supplemented by providing as part of the overall governmental program for effectuating this objective, means of increasing the demand for cotton with the view of eventually reducing or eliminating the need for limiting marketings and supporting the price of cotton.

It is therefore declared to be the policy of the Congress and the purpose of this Act that it is essential in the public interest through the exercise of the powers provided herein, to authorize and enable the establishment of an orderly procedure for the development, financing through adequate assessments on all cotton harvested in the United States, and carrying out an effective and continuous coordinated program of research and promotion designed to strengthen cotton's competitive position and to maintain and expand domestic and foreign markets and uses for United States cotton.

COTTON RESEARCH AND PROMOTION ORDERS

SEC. 3. To effectuate the declared policy of this Act, the Secretary shall, subject to the provisions of this Act, issue and from time to time amend, orders applicable to persons engaged in the harvesting, marketing, ginning, or other handling of cotton, hereinafter referred to as handlers. Such orders shall be applicable to all production or marketing areas, or both, in the United States.

NOTICE AND HEARING

SEC. 4. Whenever the Secretary has reason to believe that the issuance of an order will tend to effectuate the declared policy of this Act, he shall give due notice and opportunity for a hearing upon a proposed order. Such hearing may be requested and a proposal for an order submitted by any cotton producer organization certified pursuant to section 14 of this Act or by any other interested person or persons, including the Secretary. The consideration and formulation of the terms of any such proposed order for submittal to the Secretary or the carrying out or compliance with any provision of this Act or any order or regulation issued pursuant thereto shall not be held as to be in violation of any of the antitrust laws of the United States and shall be deemed to be lawful.

FINDING AND ISSUANCE OF AN ORDER

SEC. 5. After notice and opportunity for hearing as provided in section 4, the Secretary shall issue an order if he finds, and sets forth in such order, upon the evidence introduced at such hearing, that the issuance of such order and all the terms and conditions thereof will tend to effectuate the declared policy of this Act.

PERMISSIVE TERMS IN ORDERS

SEC. 6. Orders issued pursuant to this Act shall contain one or more of the following terms and conditions, and except as provided in section 7, no others.

(a) Providing for the establishment, issuance, effectuation, and administration of appropriate plans or projects for the advertising and sales promotion of cotton and its products and for the disbursement of necessary funds for such purposes: *Provided, however*, That any such plan or project shall be directed toward increasing the general demand for cotton or its products but no reference to a private brand or trade name shall be made if the Secretary determines that such reference will result in undue discrimination against the cotton products of other persons: *And provided further*, That no such advertising or sales promotion programs shall make use of false or unwarranted claims in behalf of cotton or its products or false or unwarranted statements with respect to the quality, value, or use of any competing product.

(b) Providing for establishing and carrying on research and development projects and studies with respect to the production, ginning, processing, distribution, or utilization of cotton and its products, to the end that the marketing and utilization of cotton may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(c) Providing that handlers or any class of handlers maintain and make available for inspection such books and records as may be required by the order and for the filing of reports by such handlers at the times, in the manner, and having the content prescribed by the order, to the end that information and data shall be made available to the Cotton Board and to the Secretary which is appropriate or necessary to the effectuation, administration, or enforcement of the Act or of any order or regulation issued pursuant to this Act: *Provided, however*, That all information so obtained shall be kept confidential by all officers and employees of the Department of Agriculture and of the Cotton Board, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or upon the request, of the Secretary of Agriculture, or to which he or any officer of the United States is a party, and involving the order with reference to which the information so to be disclosed was furnished or acquired. Nothing in this section shall be deemed to prohibit (1) the issuance of general statements based upon the reports of a number of handlers subject to an order, which statements do not identify the information furnished by any person, or (2) the publication by direction of the Secretary, of the name of any person violating any order, together with a statement of the particular provisions of the order violated by such person. Any such officer or employee violating the provisions of this section shall upon conviction be subject to a fine of not more than $1,000 or to imprisonment for not more than one year, or to both, and shall be removed from office.

(d) Terms and conditions incidental to and not inconsistent with the terms and conditions specified in this Act and necessary to effectuate the other provisions of such order.

REQUIRED TERMS IN ORDERS

SEC. 7. Orders issued pursuant to this Act shall contain the following terms and conditions:

(a) Providing for the establishment and selection by the Secretary, of a Cotton Board, and defining its powers and duties, which shall include only the powers:

(1) To administer such order in accordance with its terms and provisions;

(2) To make rules and regulations to effectuate the terms and provisions of such order;

(3) To receive, investigate, and report to the Secretary complaints of violations of such order; and

(4) To recommend to the Secretary amendments to such order.

(b) Providing that the Cotton Board shall be composed of representatives of cotton producers selected by the Secretary from nominations submitted by eligible producer organizations within a State, as certified pursuant to section 14 of this Act, or, if the Secretary determines that a substantial number of producers are not members of or their interests are not represented by any such eligible producer organizations, from nominations made by producers in the manner authorized by the Secretary, so that the representation of cotton producers on the Board for each cotton-producing State shall reflect, to the extent practicable, the proportion which that State's marketings of cotton bears to the total marketings of cotton in the United States: *Provided, however*, That each cotton-producing State shall be entitled to at least one representative on the Cotton Board.

(c) Providing that the Cotton Board shall, subject to the provisions of subsection (g) of this section, develop and submit to the Secretary for his approval any advertising or sales promotion or research and development plans or projects, and that any such plan or project must be approved by the Secretary before becoming effective.

(d) Providing that the Cotton Board shall, subject to the provisions of subsection (g) of this section, submit to the Secretary for his approval, budgets on a fiscal period basis of its anticipated expenses and disbursements in the administration of the order, including probable costs of advertising and promotion and research and development projects.

(e) Providing that each handler of cotton, as prescribed by the order, shall collect from the producer or other person for whom the cotton, including cotton owned by the handler, is being handled, and shall pay to the Cotton Board, an assessment prescribed by the order, on the basis of bales of cotton handled, for

such expenses and expenditures, including provision for a reasonable reserve, as the Secretary finds are reasonable and likely to be incurred by the Cotton Board under the order, during any period specified by him. The initial rate of assessment prescribed by the order shall be $1 per bale of cotton handled, and such rate may not be changed except by amendment of the order, recommended by the Cotton Board, approved by the Secretary, and adopted by cotton producers in a referendum pursuant to section 8. The Secretary may maintain a suit against any person subject to the order for the collection of such assessment, and the several district courts of the United States are hereby vested with jurisdiction to entertain such suits regardless of the amount in controversy: *Provided*, That the remedies provided in this section shall be in addition to, and not exclusive of, the remedies provided for elsewhere in this Act or now or hereafter existing at law or in equity.

(f) Providing that the Cotton Board shall maintain such books and records and prepare and submit such reports from time to time, to the Secretary as he may prescribe, and for appropriate accounting by the Cotton Board with respect to the receipt and disbursement of all funds entrusted to it.

(g) Providing that the Cotton Board, with the approval of the Secretary, shall enter into contracts or agreements for the development and carrying out of the activities authorized under the order pursuant to section 6 (a) and (b), and for the payment of the costs thereof with funds collected pursuant to the order, with an organization or association whose governing body consists of cotton producers selected by the cotton producer organizations certified by the Secretary under section 14, in such manner that the producers of each cotton-producing State will, to the extent practicable, have representation on the governing body of such organization in the proportion that the cotton marketed by the producers of each State bears to the total cotton marketed by the producers of all States, subject to adjustment to reflect lack of participation in the program by reason of refunds under section 11. Any such contract or agreement shall provide that such contracting organization or association shall develop and submit annually to the Cotton Board, for the purpose of review and making recommendations to the Secretary, a program of research, advertising, and sales promotion projects, together with a budget, or budgets, which shall show the estimated cost to be incurred for such projects, and that any such projects shall become effective upon approval by the Secretary. Any such contract or agreement shall also provide that the contracting organization shall keep accurate records of all its transactions and make an annul report to the Cotton Board of activities carried out and an accounting for funds received and expended, and such other reports as the Secretary may require.

(h) Providing that no funds collected by the Cotton Board under the order shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsection (a) (4) of this section.

REQUIREMENT OF REFERENDUM AND COTTON PRODUCER APPROVAL

SEC. 8. The Secretary shall conduct a referendum among cotton producers for the purpose of ascertaining whether the issuance of an order is approved or favored by producers. No order issued pursuant to this Act shall be effective unless the Secretary determines that the issuance of such order is approved or favored by not less than two-thirds of the cotton producers voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production of cotton, or by cotton producers voting in the referendum who, during such representative period, have produced at least two-thirds of the volume of the cotton produced.

SUSPENSION AND TERMINATION OF ORDERS

SEC. 9. (a) The Secretary shall, whenever he finds that any order issued under this Act, or any provision thereof, obstructs or does not tend to effectuate the declared policy of this Act, terminate or suspend the operation of such order or such provision thereof.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of 10 per centum or more of the number of cotton producers voting in the referendum approving the order, to determine whether cotton producers favor the termination or suspension of the order, and he shall

suspend or terminate such order at the end of the marketing year, as defined in the order, whenever he determines that suspension or termination of the order is approved or favored by a majority of the producers of cotton voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production of cotton, and who produced more than 50 per centum of the volume of the cotton produced by the cotton producers voting in the referendum.

(c) The termination or suspension of any order, or any provision thereof, shall not be considered an order within the meaning of this Act.

PROVISIONS APPLICABLE TO AMENDMENTS

SEC. 10. The provisions of this Act applicable to orders shall be applicable to amendments to orders.

PRODUCER REFUNDS

SEC. 11. Notwithstanding any other provision of this Act, any cotton producer against whose cotton any assessment is made and collected from him under the authority of this Act and who is not in favor of supporting the research and promotion program as provided for herein shall have the right to demand and receive from the Cotton Board a refund of such assessment: *Provided*, That such demand shall be made personally by such producer in accordance with regulations and on a form prescribed by the Board and approved by the Secretary within thirty days from the date on which such assessment was collected, stating the name and address of the handler making the collections, the date of the collection, and the quantity of cotton involved, supported by statements in writing from the handlers in the manner and form prescribed by the Board and approved by the Secretary that the sum for which refund is sought was collected from such producer. A record of each demand for a refund shall be made and such record shall be a matter of public record. No producer requesting a refund shall be eligible to vote in any subsequent referendum until all amounts refunded to him have been repaid to the Cotton Board unless the Cotton Board in accordance with regulations issued under the order waives such repayment.

PETITION AND REVIEW

SEC. 12. (a) Any person subject to any order may file a written petition with the Secretary, stating that any such order or any obligation imposed in connection therewith is not in accordance with law and praying for a modification thereof or to be exempted therefrom. He shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations made by the Secretary. After such hearing, the Secretary shall make a ruling upon the prayer of such petition which shall be final, if in accordance with law.

(b) The district courts of the United States in any district in which such person is an inhabitant, or has his principal place of business, are hereby vested with jurisdiction to review such ruling, provided a complaint for that purpose is filed within twenty days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the Secretary by delivering to him a copy of the complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted pursuant to subsection (a) of this section shall not impede, hinder, or delay the United States or the Secretary from obtaining relief pursuant to section 13(a) of this Act.

ENFORCEMENT

SEC. 13. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating any order or regulation made or issued pursuant to this Act.

(b) Any person who willfully violates any provision of any order issued by the Secretary under this Act, or who willfully fails or refuses to pay or remit any assessment or fee duly required of him thereunder, shall be liable to a penalty of not more than $1,000 for each such offense which shall accrue to the United States and may be recovered in a civil suit brought by the United States.

CERTIFICATION OF COTTON PRODUCER ORGANIZATION

SEC. 14. The eligibility of each cotton producer organization to represent cotton producers of a cotton producing State to request the issuance of an order under section 4, and to participate in the making of nominations under section 7(b) shall be certified by the Secretary and shall be based upon a factual report submitted by the organization which shall contain information deemed relevant and specified by the Secretary for the making of such determination, including the following:

(a) Geographic territory within the State covered by the organization's active membership;

(b) Nature and size of the organization's active membership in the State, proportion of total of such active membership accounted for by farmers, a map showing the cotton-producing counties in such State in which the organization has members, the volume of cotton produced in each such county, the number of cotton producers in each such county, and the size of the organization's active cotton producer membership in each such county;

(c) The extent to which the cotton producer membership of such organization is represented in setting the organization's policies;

(d) Evidence of stability and permanency of the organization;

(e) Sources from which the organization's operating funds are derived;

(f) Functions of the organization; and

(g) The organization's ability and willingness to further the aims and objectives of this Act:

Provided, however, That the primary consideration in determining the eligibility of an organization shall be whether its cotton farmer membership consists of a sufficiently large number of the cotton producers who produce a relatively significant volume of cotton to reasonably warrant its participation in the nomination of members for the Cotton Board. The Secretary shall certify any cotton producer organization which he finds to be eligible under this section, and his determination as to eligibility shall be final.

REGULATIONS

SEC. 15. The Secretary is authorized to make such regulations with the force and effect of law, as may be necessary to carry out the provisions of this Act and the powers vested in him by this Act.

INVESTIGATIONS; POWER TO SUBPENA AND TAKE OATHS AND AFFIRMATIONS; AID OF COURTS; SELF-INCRIMINATION

SEC. 16. (a) The Secretary may make such investigations as he deems necessary for the effective carrying out of his responsibilities under this Act or to determine whether a handler or any other person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, or of any order, or rule or regulation issued under this Act. For the purpose of any such investigation, the Secretary is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents which are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpena issued to, any person, including a handler, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring such person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

(b) No person shall be excused from attending and testifying or from producing books, papers, and documents before the Secretary, or in obedience to the subpena of the Secretary, or in any cause or proceeding, criminal or otherwise,

based upon or growing out of any alleged violation of this Act, or of any order, or rule or regulation issued thereunder on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

DEFINITIONS

SEC. 17. As used in this Act:

(a) The term "Secretary" means the Secretary of Agriculture.

(b) The term "person" means any individual, partnership, corporation, association, or any other entity.

(c) The term "cotton" means all upland cotton harvested in the United States, and, except as used in section 7(e), includes cottonseed of such cotton and the products derived from such cotton and its seed.

(d) The term "handler" means any person who handles cotton or cottonseed in the manner specified in the order or in the rules and regulations issued thereunder.

(e) The term "United States" means the continental United States.

SEPARABILITY

SEC. 18. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION

SEC. 19. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such funds as are necessary to carry out the provisions of this Act. The funds so appropriated shall not be available fr the payment of the expenses or expenditures of the Cotton Board in administering any provisions of any order issued pursuant to the terms of this Act.

EFFECTIVE DATE

SEC. 20. This Act shall take effect upon enactment.

FEBRUARY 7, 1966.

Hon. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR MR. CHAIRMAN: This is in reply to your request for a report on, and a section-by-section analysis of, H.R. 12322, a bill to enable cotton growers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

The Department supports the bill and recommends that it be passed. There are several provisions of the bill, however, which merit special attention by the committee. These will be discussed later in this report.

The need for this legislation is ably stated in the legislative findings set forth in section 2. This need is underscored by the high and rising costs of Government cotton programs, the recent rapid increase in carryover, and the continued decline in cotton's share of the fiber market. The expanded research and promotion programs provided by the bill, if carefully conceived and responsibly carried out with complete and close coordination with existing Federal and State programs, should make a desirable contribution toward increasing the markets for cotton.

The following are some of the facts concerning the problem to which the bill is addressed:

Realized losses incurred by Commodity Credit Corporation on upland cotton price support and related programs and expenditures under direct payment programs have totaled $3,006 million during the past 10 years—ranging from

$62 million in 1956 to $601 million in 1965. In addition, losses on loan and owned inventories as of June 30, 1965, were estimated at $541 million. These losses and expenditures do not include administrative costs or costs incurred in operation of the Public Law 480 programs that have accounted for substantial volumes of cotton exports. In spite of these expenditures, the carryover of cotton has mounted steadily since 1961, reaching a near record high of 14 million bales in 1965, and a projection of about 16 million bales in 1966.

Cotton has been confronted with strong competition from manmade fibers in domestic outlets for the past two to three decades, but within the last 5 to 10 years the competition has become increasingly stronger.

Annual consumption of all fibers in the United States has increased from 6.7 in 1955 to 8.4 billion pounds in 1965. In contrast, total consumption of cotton has held fairly steady at about 4.4 in 1955 to 4.5 billion pounds in 1965. Manmade fibers have accounted for the increased consumption of all fibers in recent years. In the mid-1950's, about 2 billion pounds of manmade fibers were consumed annually, compared to about 3.6 billion pounds in 1965.

For the three decades, from 1930 to 1960, the cotton share of the total U.S. fiber market dropped from about 85 percent to 65 percent. Since 1960, cotton's share has declined at a much greater rate, dropping to 53 percent in 1965. In contrast, the manmade fiber share of the U.S. fiber market increased from 3.9 percent in 1930 to 29 percent in 1960, to 41 percent in 1964, and to 42.5 percent in 1965.

Per capita consumption of cotton has declined from about 26.5 pounds in 1955 to 23 pounds in 1965; whereas, per capita consumption of manmade fibers increased from 11.5 pounds in 1955 to 18.3 pounds in 1965.

Comparisons of production data also illustrate the growing competition confronting U.S. cotton. From the mid-1950's to the mid-1960's, production of manmade fibers doubled from an equivalent of about 5 to 10 million bales of cotton. Noncellulosic fibers have accounted for most of this increase, rising from less than 1.7 million bales in 1955 (cotton equivalent) to 6 million bales in 1964. Plant expansions now underway will increase capacity by another 2 million bales within the next 12 months, and industry reports indicate that noncellulosic production will probably double within the next 5 years.

Rayon production in cotton equivalents has remained fairly stable at about 4 million bales for the past several years, although the cost of cotton to mills has been greater than the cost of rayon. In contrast, many of the noncellulosic manmades, which are rapidly claiming uses previously held by cotton, sell for two to three times more than cotton. Clearly, noncellulosics have been winning markets from cotton on the basis of some advantage other than price per pound.

In contrast to the hundreds of thousands of cotton producers, U.S. production of noncellulosic manmade fibers is highly concentrated in a few firms. The eight largest firms account for about 90 percent of total output of the major types of noncellulosic fibers. This concentration of production in a few firms facilitates the financing by noncellulosic producers of research for specific fibers and the promotion of their use, and hence contributes to the substantial gains noncellulosic fibers have made in uses previously held by cotton.

It has been estimated that all U.S. producers of noncellulosic fibers will spend about $135 million in 1965 on research and development. It is estimated also that another $70 million will be spent for sales promotion. Thus, manufacturers of noncellulosic fibers will spend over $200 million for developing and promoting their product. By comparison, this expenditure is about seven times greater than the combined public and private outlays for development and promotion of cotton in 1965.

Attached is the requested section by section analysis of the bill; however, its important provisions may be summarized as follows:

H.R. 12322 provides enabling legislation for a program of advertising and trade promotion and research and development to promote the sale and use of domestic cotton, with direct costs to be financed by producer assessments. This is to be done through "cotton research and promotion orders," to be issued by the Secretary after notice and hearing and following approval by two-thirds of cotton producers participating in a referendum, by number or by volume of production.

The orders would contain one or more of four permissive provisions, i.e., (1) for advertising and sales promotion projects, (2) for research and development projects, (3) for handler reporting and recordkeeping, and (4) for incidental terms and conditions needed to effectuate other provisions of the order. How-

ever, any such advertising and promotion projects would be limited to improving the general demand for cotton or its products. No reference to private brand may be made if the Secretary determines undue discrimination would result, and false or unwarranted claims or statements may not be used on behalf of cotton or cotton products or in derogation of competing products.

Each order would also contain certain required terms. The order must provide for a cotton board with authority to administer the order, issue implementing regulations, report violations, and recommended other amendments. Such board must be composed of producer representatives from each cotton State, with proportionate representation reflecting relative importance of each States in cotton marketing. Representatives from each State are to be selected from nominations made by producer organizations to be certified by the secretary for each State, but nominations may otherwise be made if the Secretary determines that certified organizations do not adequately represent producers of the State.

The board also must develop and submit to the Secretary for approval, all plans and projects for advertising, promotion, research or development, as well as budgets covering all anticipated costs and expenses. However, as written, this would be subject to a further requirement that such plans and budgets must originate with an exclusive contracting organization which would, in fact, develop and carry out all such plans and projects.

Under section 7(g), the cotton board, with the Secretary's approval, must enter into executive contracts with an organization or association controlled by producer representatives selected by State producer organizations certified by the Secretary under section 14 for the carrying out of all advertising, promotion, and research and development projects. Under such contract, such organization also must annually develop project programs and budgets and submit them to the board for its review and recommendation to the Secretary, such projects to be effective upon approval by the Secretary.

The order also must provide that prescribed handlers of cotton shall collect assessments from producers and pay them over to the board. Such assessments are to meet anticipated expenses of the Board, including program disbursements. The initial rate in an order is to be $1 per bale and such rate is not to be changed except by an amendment of the order recommended by the cotton board, approved by the Secretary, and approved by producer referendum.

The order also must require records, reports, and accounting by the cotton board with respect to all funds it handles.

Despite the provision for mandatory assessments against producers, section 11 provides for refunds thereof by the cotton board to individual producers, who personally must make written request for such refund within 30 days after payment by them, upon prescribed forms and supported by statements in writing from the handlers to whom the assessment was paid. Producers requesting refund are to be ineligible to vote in subsequent referendums until all refunds are repaid or the board, by regulation, waives repayment.

Section 14 specifies the procedure and criteria for the Secretary's certification of producer organizations in each State for purposes of nominations for membership on the cotton board and selection of the governing body of the exclusive contracting organization which is actually to develop and carry out the promotion and research projects and spend the money therefor.

The bill also provides for statutory review of the lawfulness of orders or obligations thereunder; civil and criminal enforcement; the issuance of regulations by the Secretary, and power to conduct investigations, issue subpenas, etc.

The Department favors the enactment of the bill, but wishes to suggest several desirable modifications that merit consideration by the committee. These are:

1. Section 7(e) appears to place the primary obligation to pay assessments on individual producers, with collection to be made by handlers for turnover to the cotton board. It also provides for suits by the Secretary to enforce collection of such assessments.

This section is susceptible to the construction that a handler's obligation to pay assessments is conditioned upon his ability to collect from producers. If this is so, then any enforcement action to collect assessments, where the handler has failed to collect from a producer, would have to be taken against the producer. This could result in numerous law suits against individual producers for the collection of relatively small amounts of money. Any such attempts to enforce collection from producers may be further complicated by the fact that the amounts so collected from producers would be subject to immediate refund under section 11.

It is our understanding that the intention of section 7(e) is to require handlers to pay assessments, irrespective of whether they collect such assessments from producers. If our understanding is correct, the committee may wish to clarify section 7(e) by placing unequivocally on handlers the primary obligation to pay assessments, as is done in marketing orders under the Agricultural Marketing Agreement Act of 1937, after which the bill is patterned. This could be coupled by a direction to handlers that they reimburse themselves by collections from producers or other persons for whom the cotton is handled.

This method of handling assessments has not proven to be too burdensome on handlers under our fruit and vegetable marketing orders. Those handlers have been able to reimburse themselves through contractual arrangements with producers. It is assumed that handlers of cotton will be able to adopt a similar approach.

Section 7(e) also provides that the initial assessment rate of $1 per bale shall not be changed except by an amendment to the order "recommended by the cotton board." Other amendments to the order can be proposed by any interested person, including the Secretary. Conceivably, important producer or other industry groups may wish to propose revisions of the assessment rate and the Secretary may find reason to believe that the proposed revisions may tend to effectuate the policy of the act. Yet, a hearing on the proposals could be blocked by the failure or refusal of the cotton board to recommend the revisions.

While the rate of assessment is important, there may be included in an order other provisions of equal importance. We are unable to ascertain a justifiable reason why the procedure for amending the assessment provision should differ from that applicable to other amendments. We therefore suggest the desirability of amending the bill to remove this difference in treatment.

If the committee should desire to modify section 7(e), this could be done by substituting the following in the place of the first two sentences of section 7(e) (p. 9, lines 14 to 24, and p. 10, lines 1 to 4):

"(e) Providing, that each handler of cotton, as prescribed by the order, shall pay to the Cotton Board such handler's pro rata share, on the basis of bales of cotton handled, including cotton of his own production, of such expenses and expenditures, including provision for a reasonable reserve, as the Secretary finds are reasonable and likely to be incurred by the Cotton Board under the order, during any period specified by him; such rate of assessment shall be fixed by the Secretary in the order. The initial rate of assessment under an order shall be $1 per bale of cotton handled, and such rate may not be changed except by amendment of the order duly approved by the Secretary on the basis of a hearing and subject to approval by cotton producers in a referendum pursuant to section 8. The order also shall provide that handlers who pay such assessments shall collect such amounts from the producer or other person from whom or on whose behalf the cotton was acquired or handled * * *."

2. A technical amendment of section 12(a) also may be desirable. As the section is now written, a petition for review addressed to alleged unlawfulness of an order is limited to the entire order, but would not extend to review of a particular provision of an order. We suggest that the phrase "or any provision of such order" be inserted after "any such order" in the first sentence (p. 14, lines 18 to 19). As so modified, this section would conform more closely to section 8c(15)(A) of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 608c(15)(A)).

3. In section 14, dealing with certification of cotton producer organizations by the Secretary, it may be desirable to permit the Secretary to use information otherwise available to him outside the report in evaluating the qualifications of the applicant. Thus, records of the Department may contain valuable data pertinent to such determination. It is therefore suggested that the words "in addition to other available information," be inserted immediately after the word "based" in the first seutence of section 14 (p. 16, line 14).

Enactment of this proposed legislation wold require an initial estimated cost of $400,000 for referendum, hearings, and related items and a recurring annual cost of approximately $50,000 for Federal administration associated with the program.

The Bureau of the Budget has advised that time considerations have not permitted the determination as to the relationship of this bill to the administration's program.

Sincerely yours,

JOHN A. SCHNITTKER,
Acting Secretary.

SECTION-BY-SECTION ANALYSIS OF H.R. 12322, A BILL TO PROVIDE FOR AN INDUSTRY-FINANCED COTTON RESEARCH AND PROMOTION PROGRAM

The first section of the bill specifies its short title as the "Cotton Research and Promotion Act."

Section 2 contains legislative findings and declarations of policy. Findings are made that all cotton produced in the United States is subject to the Federal commerce powers, that new or improved markets and uses are vital to cotton producers and others in the cotton industry as well as to the general economy of the Nation, that U.S.-grown cotton is confronted with intensive competition from foreign-grown cotton and from manmade fibers arising largely from extensive promotional efforts for such fibers, and that a national program for cotton research and promotion is necessary.

A finding also is made that the Congress heretofore has exercised its regulatory powers so as to adjust the supply of cotton to demand and that it is necessary to supplement that regulation with a means of increasing the demand for cotton so as to reduce or eliminate the need for restricting marketings and for supporting the price of cotton.

Section 2 then declares it is to be the policy of Congress, in the public interest, through the exercise of the powers conferred by the bill, to provide for an effective program of research and promotion designed to improve cotton's competitive position and improve markets and uses for U.S. cotton and to finance such program through assessments on all cotton harvested in the United States.

Sections 3, 4, and 5 of the bill provide for the issuance of orders applicable to handlers of cotton after notice and hearing and a finding by the Secretary, based on evidence introduced at such hearing, that the issuance of such order and all of its terms and conditions will tend to effectuate the declared policy of the act.

The substantive terms and provisions of such orders are provided for in sections 6 and 7 of the bill.

Section 6 covers permissive terms in orders and provides that they shall contain one or more of four specified terms and conditions and, except as provided in section 7, no others. Section 6(a) authorizes appropriate plans or projects for the advertising and sales promotion of cotton and its products and disbursing necessary funds for such purposes. Any such plan or project must be directed toward increasing the general demand for cotton or its products and may not refer to private brands or trade names if the Secretary determines that such reference will discriminate unduly against the cotton products of other persons. Further, such programs shall not use false or unwarranted claims in behalf of cotton or false or unwarranted statements concerning any competing product.

Section 6(b) authorizes provisions in orders for research and development projects with respect to the production, processing, distribution, or utilization of cotton and its products and for the disbursement of necessary funds for such purposes.

Section 6(c) authorizes order provisions for the maintenance by handlers of books and records and for making them available to the Cotton Board and to the Secretary in connection with the administration and enforcement of the program. Such information is to be confidential except as otherwise provided in section 6(c).

Section 6(d) provides general authority to include in orders, terms and conditions which are incidental to and not inconsistent with theterms and conditions expressly specified in the act and necessary to effecuate other provisions of such order.

Section 7 of the bill specifies terms that will be required to be included in orders. Such required terms are as follows:

Section 7(a) requires that an order provide for a Cotton Board to be established and selected by the Secretary which shall have only the powers (1) to administer such order in accordance with its terms and provisions; (2) to make rules and regulations to effectuate the terms and provisions of such order; (3) to receive, investigate, and report to the Secretary complaints of violations of such order; and (4) to recommend to the Secretary amendments to such order.

Section 7(b) directs that such Cotton Board be composed of representatives of cotton producers, to be selected by the Secretary from nominations submitted by certain producer organizations within a State, as certified pursuant to section 14

of the bill, or if the Secretary determines that such producer organizations do not adequately represent producers in the State, from nominations made by producers as otherwise specified by the Secretary. The producer representation on the Cotton Board for each cotton-producing State shall, insofar as possible, reflect the proportion of that State's marketings of cotton to total marketing of cotton in the United States, with at least one member for each cotton-producing State.

Section 7(c) provides that the Cotton Board shall, subject to the provisions of section 7(g), develop and submit to the Secretary for approval any advertising sales promotion or research and development plans or projects, which plans or projects must be approved by the Secretary before becoming effective.

Section 7(d) provides that the Cotton Board shall, subject to the provisions of section 7(g), submit to the Secretary for his approval budgets of anticipated expenses and disbursements of the Board in administering the order, including estimated costs of such projects.

Section 7(e) provides that each handler of cotton, as prescribed by the order, shall collect from the producer or other person for whom cotton is handled and shall pay to the Cotton Board, assessments as prescribed by the order for expenses and expenditures found by the Secretary to be reasonable and likely to be incurred by the Cotton Board under the order. It further provides that the initial rate of assessment under the order shall be $1 per bale of cotton handled, which rate cannot be changed except by amendment of the order, recommended by the Cotton Board, approved by the Secretary, and adopted by cotton producers in a referendum. Provision also is made that the Secretary may maintain suits against any persons subject to the order for the collection of such assessments, and jurisdiction is vested in the district courts of the United States to entertain such suits.

Section 7(f) provides for accounting by the Cotton Board for all funds entrusted to it and for the maintenance of appropriate books and records and the submission of reports by it to the Secretary.

Section 7(g) provides that the order shall require the Cotton Board, with the approval of the Secretary, to enter into contracts or agreements to develop and carry out activities authorized under sections 6(a) and 6(b), and for the payment of the costs thereof with funds collected pursuant to the order. Such contracts or agreements must be made with an organization or association governed by cotton producers selected by the cotton producer organizations to be certified under section 14 of the bill, with mandatory provision for appropriate representation by States, depending upon volumes of cotton marketed, subject to adjustments to reflect lack of participation in the program because of refunds under section 11 of the bill.

Section 7(g) further specifies that any such contract or agreement must provide that the contracting organization or association is to develop and submit, each year to the Cotton Board for its review and recommendation to the Secretary, a program of research, advertising, and promotion projects together with an estimated budget for such projects, and that such projects shall be effective upon approval by the Secretary. Any such contract or agreement must also provide that the contracting organization maintain adequate records and make annual reports to the Cotton Board concerning activities and accounting for funds received and expended and such other reports as the Secretary may require.

Under section 7(h) no funds collected by the Cotton Board may be used to influence Government policy or action, except only for the purpose of enabling the Board to make appropriate recommendations to the Secretary for amendment of the order.

Section 8 of the bill provides that no such order shall be effective unless the Secretary determines that its issuance is approved by at least two-thirds of the producers of cotton voting in a referendum, either by number or by volume of production in a representative period.

Section 9 provides for termination or suspension of an order or any provision thereof if the Secretary finds that the order or any such provision obstructs or does not tend to effectuate the declared policy of the act. It also provides for termination or suspension of the entire order upon a finding, after referendum, that a majority of cotton producers voting in a referendum, who produced more than 50 percent of the cotton of producers voting therein, favor termination or suspension of the order.

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Section 10 provides that the requirements of the act applicable to orders shall be applicable to amendments to orders.

Section 11 provides that any cotton producer who has paid an assessment under an order may demand and receive from the Cotton Board a refund of such assessment, provided that demand therefor is personally made by the producer on a prescribed form and in accordance with regulations within 30 days from the date the producer paid the assessment, which demand must be supported by a statement in writing from the handler to whom payment was made substantiating such payment. Each such demand for refund is to be a matter of public record and no producer obtaining such a refund is to be eligible to vote in subsequent referenda until the refunds have been fully repaid to the Board or unless the Board, by regulation, waives repayment.

Section 12(a) provides that any person subject to an order may file a written petition with the Secretary contesting any order or any obligation imposed thereunder as not in accordance with law, and praying for modification or exemption therefrom. After hearing in accordance with regulations, the Secretary is to rule on the petition and such ruling is to be final, if in accordance with law.

Section 12(b) provides for appeal from the Secretary's ruling to a U.S. district court, provided appeal is taken within 20 days from the date of the entry of such ruling. If the court finds that the Secretary's ruling is not in accordance with law, it shall remand to the Secretary with instructions, or direct further proceedings. The pendency of such review proceedings before the Secretary is not to interfere with enforcement under section 13(a) of the bill.

Section 13 deals with enforcement by civil actions. Paragraph (a) vests the district courts of the United States with jurisdiction to enjoin violations and to order specific performance of any order or regulation. Paragraph (b) provides for a civil penalty of not more than $1,000 for willful violation of the order or willful failure or refusal to pay any assessment or fee due under an order.

Section 14 specifies the terms of eligibility to be met by cotton producer organizations in each cotton producing State for purposes of requesting issuance of an order and submission of nominations for membership on the Cotton Board. Each such organization would be required to submit to the Secretary a factual report specifying certain information. The Secretary would certify organizations which he finds meet the requirements of the section; such determination as to eligibility being final.

Section 15 authorizes the Secretary to make such regulations, with the force and effect of law, as may be necessary to carry out the act and the powers vested in him by the act.

Section 16 authorizes investigations by the Secretary to carry out his responsibilities under the act or to determine whether the act is being violated or about to be violated. In connection with such investigation, the Secretary would be empowered to administer oaths, subpena witnesses, and require the production of documentary evidence relevant to the inquiry. The section also provides for enforcement of subpenas by district courts and specifies that no person may refuse to testify on grounds of self-incrimination, but no individual may be prosecuted with respect to any matter concerning which he is compelled to testify or produce evidence, after claiming privilege of self-incrimination, except for perjury committed in so testifying.

Section 17 defines the terms "Secretary," "person," "cotton," "handler," and "United States."

Section 18 is the usual separability clause providing that if any provision of the act or its particular application is held invalid, the validity of the remainder of the act and its application to other persons and circumstances shall not be affected thereby.

Section 19 authorizes appropriations necessary to administer the act, but expressly provides that such appropriated funds shall not be available to pay the expenses or expenditures of the Cotton Board in administering an order.

Section 20 provides for an effective date upon enactment of the bill.

The CHAIRMAN. We want to accord everyone a full opportunity to be heard, to freely express their views, either for or against this measure. There might be some other program that may be as good, or better, but if so we are not aware of it.

We appreciate the importance of this legislation. We hope that you do, too, and that we can avoid repetition in the interest of saving

time and can conclude the hearings, certainly, not later than tomorrow afternoon. We have numerous witnesses listed who will be called.

The first one is Mr. Clarence H. Girard, Depnty Administrator, Regulatory Programs, Consumer and Marketing Service, U.S. Department of Agriculture. We will be glad to hear from you now, Mr. Girard.

STATEMENT OF CLARENCE H. GIRARD, DEPUTY ADMINISTRATOR, REGULATORY PROGRAMS, CONSUMER AND MARKETING SERVICE; ACCOMPANIED BY CHARLES W. BUCY, ASSISTANT GENERAL COUNSEL; W. D. MACLAY, DIRECTOR OF RESEARCH PROGRAM DEVELOPMENT AND EVALUATION STAFF; FRANK LOWENSTEIN, ECONOMIST WITH THE STAFF ECONOMIST GROUP; AND JOSEPH A. MOSS, DIRECTOR OF COTTON POLICY STAFF, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. GIRARD. Mr. Chairman and members of the committee, I am accompanied by a number of specialists from the Department who will assist me, with the chairman's permission, in answering any questions the committee may care to ask with respect to this legislation.

On my far right is Mr. Frank Lowenstein, economist, with the staff economist group; next to me on my right is Dr. W. D. Maclay, who is Director of the Research Program Development and Evaluation Staff, and to my left is Mr. Charles W. Bucy, Assistant General Counsel, and to my far left is Mr. Joseph A. Moss, Director of the Cotton Policy Staff, Agricultural Stabilization and Conservation Service.

As the chairman indicated, we, too, in the Department, believe this to be a very important bill, and that is one reason why we wanted to have with us those specialists in the various fields of cotton operation who would be available to answer questions which the committee may direct to these gentlemen and myself.

It is always a pleasure to appear before this committee, and I am particularly happy to have the privilege of presenting the Department's position on this bill.

We are pleased to appear before this committee to support H.R. 12322 and recommend that it be passed.

The Department's report on the bill refers to several modifications which we believe merit consideration by the committee. These are discussed in the report.

The bill is intended to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

The bill provides for a program of advertising, trade promotion, research and development activities designed to promote the sale and use of domestic cotton. The direct costs of these activities are to be financed by industry assessments. The mechanism for effectuating the act is through "cotton research and promotion orders" to be issued by the Secretary of Agriculture. H.R. 12322 further provides that the orders are to be issued after notice and hearing and following approval of cotton producers participating in a referendum. Each

order issued by the Secretary would provide for a Cotton Board with authority to administer the order, issue implementing regulations, report on violations and recommend amendments.

A private organization controlled by producer representatives selected by State producer associations is given the exclusive right to contract with Cotton Board in carrying out all advertising, promotion, and research and development projects. Under such contract, such organizations also must annually develop project programs and budgets and submit them to the board for its review and recommendation to the Secretary, such projects to be effective only upon approval by the Secretary.

The orders would provide for one or more of the following:

(1) Advertising and sales promotion projects;
(2) Research and development projects;
(3) Handler reporting and recordkeeping; and
(4) Incidental terms and conditions needed to effectuate other provisions of the order.

A number of facts concerning cotton, its production, marketing, uses, and the many problems associated thereto, are pertinent in the consideration of the objectives of the proposed legislation.

1. Cotton is the Nation's No. 1 cash crop: It has an annual farm value of approximately $2.5 billion. Millions of persons—workers and dependents—are involved in growing cotton and producing finished cotton products for customers.

2. Realized losses incurred by the Commodity Credit Corporation on upland cotton price support and related programs and expenditures under direct payment programs have totaled $3.006 million during the past 10 years: These have ranged from $62 million in 1956 to $601 million in 1965. In addition, losses on loan and owned inventories as of June 30, 1965, were estimated at $541 million. These losses and expenditures do not include administrative costs or costs incurred in operation of the Public Law 480 programs that have accounted for substantial volumes of cotton exports. In spite of these expenditures, the carryover of cotton has mounted steadily since 1961, reaching a near record high of 14 million bales in 1965, and a projection of about 16 million bales in 1966.

3. Cotton has been confronted with strong competition from manmade fibers in domestic outlets for the past 3 decades, but within the last 5 to 10 years the competition has become increasingly stronger. From 1930 to 1960, cotton's share of the total U.S. fiber market dropped from about 85 percent to 65 percent. Since 1960, cotton's share has declined at a much greater rate, dropping to 53 percent in 1965. In contrast, the manmade fibers' share of the U.S. fiber market increased from 3.9 percent in 1930 to 29 percent in 1960, to 41 percent in 1964, and to 42.5 percent in 1965.

Many of the noncellulosic manmades, which are rapidly claiming uses previously held by cotton, sell for two to three times more than cotton. However, they continue to win new markets. Clearly, these noncellulosics have been winning markets from cotton on the basis of some advantage other than price per pound.

Better varieties and improved production practices have resulted in increased yields of about 15 pounds per acre per year during the past 5 years.

Inherent fiber quality characteristics have been greatly improved, important diseases and nematodes controlled, and insect resistance imparted.

Practical uses of chemicals for insect, fruit setting, and weed control are commonplace.

Considerable advances have been made in the field of biological controls of insects.

Mechanical harvesting has become commonplace and better equipment has been developed for planting, fertilizing, cultivating, and applying pesticides.

In the processing field, rapid advances have been made in cotton ginning to increase yield and grade.

There have been advances in seed cotton cleaning and the development of microspinning equipment has allowed for early selection in breeding programs for high quality.

In the use field, wash-wear and other cotton products and processes have retained or regained some of the markets for cotton equivalent to 2.5 million bales annually, more than 25 percent of domestic consumption.

WITH RESPECT TO COTTON RESEARCH

Following discussions between representatives of the cotton producers and Department research administrators, a task force of interagency representatives was established to consider what was needed in research on cotton. The group concluded that a well-balanced research and extension program directed toward lowering costs, increasing demand, and pricing effectively are the areas of research with greatest potential for returning substantial benefits to cotton farmers. These conclusions were discussed with the producers' technical representative and a general consensus effected. The substance of the conclusions was:

1. Development and adoption of new production technology can help reduce costs but reductions cannot be fully realized without adjustment of acreage allotments and/or increased sales.

2. There is an urgent need for research to develop what might be called complete systems—to determine the market needs and the optimum complete system of producing, processing, and marketing to fill these needs.

3. Research in five broad research groupings is most urgent. These are cost reduction, demand expansion, effective pricing, improved quality evaluation, and evaluation of alternative ways to promote cotton more effectively.

It is contemplated that the research programs and allocation of funds under the order to carry out research would be closely coordinated with existing Federal and State research programs. Such coordination is essential if duplication and waste are to be avoided and maximum results are to be achieved.

WITH RESPECT TO COTTON PROMOTION

Consumption of cotton is determined in large part by its competition with other fibers, especially manmade fibers. In this competition there are at least two major forces. One is the relative price for the competing fibers and another is the acceptability of the fiber for par-

ticular processes and end uses. In addition to decisions by consumers, there are other particularly critical points in the marketing channels where decisions are made to use certain fibers. The acceptability of a fiber is determined in part by the knowledge or frequently only with the belief of the manufacturer and personnel in the marketing channels as to the characteristics and performances of the various fibers.

Manufacturers of manmade fibers have devoted much effort to promoting their products so that manufacturers will use high proportions of manmade fiber in their products. These efforts include advertising in the conventional sense of the term, service work with processors and manufacturers so they can utilize the performance characteristics of the fibers to their best advantage, making modifications in fiber characteristics so that the fibers are "hand tailored" to particular uses, working with sales personnel at all levels so that they know how to sell the fibers and explain their assets, and helping to finance advertising of individual outlets such as cutters of apparel and retail stores.

Thus, promotion has played an important part in increasing consumption of manmade fibers and the declining consumption of cotton in this country. Although there has been some promotion for cotton it has been so small in relation to the effort made by manmade fibers that the consumption of manmade fibers has steadily and continuously outpaced cotton. A sharp increase in the promotional effort for cotton is needed if cotton is not to continue to lose ground to manmade fibers because of their massive promotion program.

Summarizing, Mr. Chairman:

1. Cotton is the No. 1 cash crop of the Nation.

2. Cotton is also the No. 1 surplus problem and has become progressively acute in recent years.

3. Cotton is faced with extreme competition from manmade fibers which held 42.5 percent of the U.S. fiber market in 1965. It is also faced with severe competition in foreign markets.

4. The production and marketing of manmade fibers is concentrating in a few large companies and this facilitates the financing of research and promotion of their products. This is estimated at around $200 million annually and had been the primary factor in that industry's rapid expansion in the last 20 years. This expenditure is about seven times that of cotton.

5. Advertising and promotion contribute substantially to the successful sale of any product in a highly competitive market.

6. Governmental and private research on cotton has been productive and advances made have been a primary factor in maintaining cotton in as competitive a position with manmade fibers as it is today.

7. The expansion of research can contribute materially to (*a*) reducing the costs of producing cotton sufficiently to make it more attractive for producing cotton products in competition with products of manmade fibers, and also enhance its position in foreign trade, (*b*) developing new and improved cotton products with properties that will allow successful competition with other textile fibers, and (*c*) instituting pricing policies based on sound scientific and economic information.

If producers are willing to finance a self-help program such as that contemplated by the bill, we believe they should be encouraged to do so by enactment of this legislation.

Mr. Chairman, we approve this bill. If it is enacted and a cotton research and promotion order receives widespread support among cotton producers, we in the Department pledge ourselves to assist in every way to make the program successful.

I will be happy to answer any questions.

The CHAIRMAN. Mr. Girard, I want to congratulate and thank you for presenting such a well-prepared statement. I think you have covered the subject very thoroughly.

Are there any questions that anyone wishes to ask?

Mr. FINDLEY. Mr. Girard, on the first page of your statement you say:

> The direct costs of these activities are to be financed by industry assessments.

As a practical matter, the Federal Government would be collecting the money for trade promotional activities and also would pay the bills; is that not correct?

Mr. GIRARD. No, that is not. The bill is not set up that way, sir. The only direct expense of the Federal Government would be the cost of holding hearings and holding the referendums, getting the program underway, which we estimate will be in the neighborhood of $400,000, and after that first year the cost would be reduced to about $50,000 which would be used to coordinate the research activities, in consultation with the Cotton Board. But the organization of the producers, if this is set up, would prepare a program of research and promotion and put a price tag on every project that they feel should be undertaken. This would go before the Cotton Board, and if they approved, they would recommend the project to the Secretary, and if the Secretary approved, these would go into operation, but there would be no cost on the part of the Federal Government with respect to those projects.

Mr. FINDLEY. But the Cotton Board would operate under the Secretary of Agriculture, would it not?

Mr. GIRARD. That is correct.

Mr. FINDLEY. And they would make no expenditures, unless the Secretary gave them approval?

Mr. GIRARD. That is correct; they have to prepare a budget.

Mr. FINDLEY. The money spent would be disbursed then by the Federal Government, even though it came from the people in the industry; is that not correct?

Mr. GIRARD. The disbursements would be technically made by the Cotton Board. If we draw on our experience from our other marketing agreements, the administrative agency that is set up from nominations in the industry and appointed by the Secretary, collects the assessments, and, of course, does the physical writing of the checks, to spend the money. All of that is subject to the budgetary control and approval by the Secretary of Agriculture.

Mr. FINDLEY. That is the point that I wanted to make. What I want to know is, if there is any precedent for this type of Federal handling of commodity promotion?

Mr. GIRARD. No, there is no program exactly like this.

Mr. FINDLEY. This would be a first?

Mr. GIRARD. Well, not exactly, sir. Last year, the Agricultural Marketing Agreement Act was amended to add 14 specific commodi-

ties, for which there could be advertising promotion under the marketing agreements and orders for those commodities.

Last month, we held our first hearing under this new authority that dealt with nectarines in California, and we are now going to a hearing in Texas on Texas citrus, to amend that order to permit the use of funds for advertising under that program.

So, presumably, if the record justifies that type of activity under those programs, they will be the first.

Mr. FINDLEY. But up to now, the Federal Government has never engaged in the direct promotion of commodities within this country. I understand that under Public Law 480 they have to some extent.

Mr. GIRARD. No, that is not quite correct. We do it under the wool program.

Mr. FINDLEY. Under the wool program? Is there anything assessed against the wool producers to finance that?

Mr. GIRARD. The way it operates is that there is a direct payment to the wool producers.

Mr. FINDLEY. Correct.

Mr. GIRARD. And they vote on whether they want any part of that payment to be devoted or diverted to an advertising and promotion program. And it requires two-thirds of the producers voting to approve that part of the payment which would, otherwise, go to them to be put into a fund to be used by the Secretary in promoting wool, and, of course, under that program we enter into a contract with the Wool Council, and they carry out the program, somewhat similar to what the Cotton Board and the private producer organizations would be doing under this particular legislation.

Mr. FINDLEY. Am I correct that under this proposal there would be a similar two-thirds approval required before it could take effect?

Mr. GIRARD. Yes, sir. This proposal provides for the alternative of two-thirds by numbers or two-thirds by volume of cotton produced. The wool program also provides for alternative approval by numbers or volume.

Mr. FINDLEY. At the bottom of page 2, you state that cotton has an annual farm value of approximately $2.5 billion. Is that the value under the present program; in other words, the gross payment to the farmers?

Mr. GIRARD. I would like to have Mr. Lowenstein answer that. He is our economist in charge of all of our statistics.

Mr. LOWENSTEIN. Thank you for the promotion.

This is the actual value of the cotton cottonseed. These are the 1964 figures.

Mr. FINDLEY. It is not based on the program which would take affect later this year?

Mr. LOWENSTEIN. No.

Mr. FINDLEY. I noticed at the top of page 3 that you show for 1965 realized losses:

> Realized losses incurred by the Commodity Credit Corporation on upland cotton price support and related programs and expenditures under direct payment programs have totaled $3,006 million during the past 10 years. These have ranged from $62 million in 1956 to $601 million in 1965. In addition, losses on loan and owned inventories as of June 30, 1965, were estimated at $541 million.

Adding the two figures brings a total of $1,141 million, representing the cotton program cost to the Government for 1965, not including administrative costs. This is very illuminating when you compare that with the total value of the cotton crop of $2,500 million. It looks like the cost to the taxpayer is pretty close to one-half of the value of the crop. Am I correct in my assumption?

Mr. GIRARD. There is a duplication in those figures. I would ask Mr. Moss to explain the difference.

Mr. FINDLEY. The words "in addition" would lead me to believe that $541 million is an extra expense beyond the other. Is that correct?

Mr. GIRARD. That figure is the amount of losses CCC expected to incur on cotton in its inventory on June 30, 1965. When that cotton is sold and the loss is actually incurred, it will be a realized loss and be added to the accumulated $3,006 million figure. The $601 million figure represents the realized losses in 1965 on cotton stored in fiscal 1965 and prior years.

Mr. FINDLEY. But you say that it would extend beyond the 12 months' period?

Mr. GIRARD. Yes, sir.

The CHAIRMAN. That is what is contemplated by this bill—to use up the cotton rather than to keep it stored in the warehouses.

Mr. GIRARD. That is correct.

The CHAIRMAN. I pointed out a moment ago that our losses have been gigantic.

Mr. FINDLEY. I agree. I was surprised and somewhat gratified to see the statement of Secretary Freeman on January 27 when he commented upon this. In this statement he said, "We were wrong" about the 1964 cotton program.

Mr. GIRARD. Yes.

Mr. FINDLEY. Continuing to quote Mr. Freeman, "Moving to a one-price cotton would increase the domestic consumption by more than a million bales, to bring about a reduction in the cost of the cotton to the consumer. We were wrong." It is gratifying to see that he acknowledges the error.

One concern I have about this new proposal, though, is as to whether it would be fair to the producer of manmade fibers to have the Federal Government engage in a trade promotion activity which would tend to work to their disadvantage.

Do you anticipate that we will be establishing a precedent here that could lead to trade promotion activities for other commodities?

Mr. GIRARD. That, of course, is always a possibility, that other commodities may want to engage in a similar activity, but right now, of course, we do have the cotton producers who number some 500,000-plus, and it is very difficult for them to amass any sum of money without some concerted action which will in any way come near to matching the tremendous expenditures of the eight largest manmade fiber producers who are able to amass and spend to promote their products.

Mr. FINDLEY. I understand that it is completely a voluntary operation, operating entirely within the private section without Federal involvement, that it has been for a number of years on a voluntary checkoff basis, for purposes of promotion.

Has this approach been tried within the cotton industry, do you know?

Mr. GIRARD. Yes, it has. The Cotton Producers Institute has attempted that approach, and for reasons that I would prefer they would explain themselves, it has not worked.

There is one provision in this bill, I believe section 11, which permits a producer to get a refund if he requests it; so, to that extent, in a sense, it is voluntary, although the collection would be made first, and then he has to make an application to get it back. So, to that extent, it is not voluntary. But he can recoup his money if he exercises the option provided in section 11.

Mr. FINDLEY. That is all. Thank you.

The CHAIRMAN. I would like to point out the fact that we have a tobacco organization which is financed by the farmers called the Tobacco Associates. Each producer is assessed a certain amount per acre and if he does not want to pay, all he has to do is to ask for it to be refunded. I have asked about the constitutionality of such a program. Nobody can attack the tobacco program, because he would not have a cause of action as no one is required to make a contribution. Now, if I understand correctly, in this bill you say that if I make 10 bales of cotton, $10 is deducted from my proceeds and if I am unhappy about it, I can ask for the money back; is that right?

Mr. GIRARD. That is right.

The CHAIRMAN. I also want to compliment the cotton growers in North Carolina, because I think that we in North Carolina have the only cotton promotion committee in the whole country that is financed by a contribution made by the farmers, and this organization has done the best that they could do to promote the use of cotton. We are here proposing to do the same thing on a nationwide basis, and it seems to me that no one would be able to justify an objection to the bill simply on that basis, since it is a self-help program and we hope to minimize the losses to the Government and to the taxpayers. That is the main objective of the bill, and to make cotton competitive with manmade fibers.

I do not think it is unfair to the manmade fiber manufacturers for us to look after the No. 1 cash crop in American agriculture. I think that there are more people earning their livelihood out of cotton than any other crop in America. I am sure that this is true; that is, when you take into consideration those in the production, the processing, the shipping, the handling, and the distribution, the wholesale and retail level—there is no one other commodity in American agriculture that can compare with the cotton industry as such. Do you not agree with that?

Mr. GIRARD. Well, the figures I have seen recently, Mr. Chairman, with respect to the number of people who are working with cotton from the producer to the consumer, numbers in excess of 9 million.

That would be a pretty sizable segment, I would say.

The CHAIRMAN. I think that it is closer to 10 million.

Mr. GIRARD. Over 9 million.

The CHAIRMAN. Over 9 million?

Mr. GIRARD. Yes.

Mr. ABERNETHY. I would like to ask you this question: Is this under the Federal law?

The CHAIRMAN. No; it is under State law.

Mr. ABERNETHY. I wonder if you and your associates could in a few minutes' time give us some details about the mechanics of the program.

Your statement as to the necessity for it is fine. I think we all agree that there is some need for a program which will enable some segment of the industry to promote research and further consumption of this product. I am familiar with the need, but I think that everybody is familiar with the need, and I think that is fine, and we all are familiar with the need, but I would like to know more about the mechanics of the program.

I wonder if you could have some member of your staff go into that, to give us a rundown on that? That is what I would like to have at this time.

Mr. GIRARD. The details, of course, would have to be worked out in the order itself. In other words, this is enabling legislation, and the order would have to do a lot of the defining and deal with the specifics, but, generally, drawing on our experience with other commodities under marketing agreements and orders we would first have to have a proposal from responsible industry groups which would set up the committee, precisely how the appointments to the committee were to be made, and so on.

Also, then, we would have the Secretary examine that, work with the industry groups on the proposal, and if there was agreement, why, then, we would go to a public hearing which would be a due-process, cross-examination-type of hearing, and witnesses would be sworn. Then, after the hearing, briefs would be filed, and if the Secretary found that the program would effectuate the policy of the act as it was structured, then there would be a recommended decision to which all of the industry could file exceptions.

Following that, the Secretary, if he still found that the program would effectuate the policy of the act, would make the necessary findings and conclusions. Then, he would issue a final decision, and have a referendum among all of the cotton producers.

If two-thirds of the cotton producers approved, why, then, the program would go into effect.

Mr. ABERNETHY. You say that the program would go into effect. Illustrate one program.

Mr. GIRARD. The legislation provides for alternatives. You could have a program which would have promotion only. You could have a different program which would provide for research and development. But, as I understand the proponents, they want one program that will encompass both research and development as well as promotion.

The responsible producer organizations in the various States would nominate members to the Cotton Board, the representation being based upon the marketings of cotton in each State in relation to other States.

Mr. ABERNETHY. How many people would serve on the board?

Mr. GIRARD. It would depend on what the order provided, as to what the representation is. The act says that no State shall be without any representation. In other words, there must be a minimum of one from each State. If the smaller State had two members, why, the larger States would get proportionately greater representation.

Mr. ABERNETHY. Then, what is the authority invested in the board?

Mr. GIRARD. The board would administer the program, collect the funds and expend the funds pursuant to a budget of projects which would be recommended by another organization which consists of representatives of the various cotton organizations in each State. In other words, as I understand it, the way the program would work, this organization would be constituted somewhat similar to the Cotton Producers Institute which has been functioning in this field.

Mr. ABERNETHY. Let me interrupt there, does this board, or will this board, have the exclusive authority to make a determination as to what will be spent, how much will be spent and when it will be spent?

Mr. GIRARD. No; the way this is structured——

Mr. ABERNETHY. You said "No." Then who has that authority?

Mr. GIRARD. It is a combination, sir. The individual project must be recommended by the producer organization which is going to be set up.

Mr. ABERNETHY. All right. What producer organization?

Mr. GIRARD. The bill contemplates that the organization of the producers, certified by the Secretary as representing producers in the various States, will organize an association similar to the Cotton Producers Institute from representatives of these various cotton-producer organizations. This organization, in turn, would prepare a budget of promotion and research projects, and estimate the costs thereof. This, they would recommend to the Cotton Board for its consideration. The Cotton Board, if it approved some of these and disapproved others, would take those that it approved to the Secretary for final approval, and only those projects that have been initiated by the producer organization, approved by the Cotton Board and the Secretary, would become operative.

Mr. ABERNETHY. When this goes to a referendum, the referendum returns may be based upon the number of producers or the quantity, the volume?

Mr. GIRARD. Yes, sir.

Mr. ABERNETHY. Who makes that decision?

Mr. GIRARD. That will have to be determined by the Secretary in regulations that he issues with respect to the referendum. In other words, he would have to issue implementing regulations concerning how the referendum is to be conducted, by mail or by ballot, whether the determination——

Mr. ABERNETHY. You have answered it. It would be made by the Secretary. Let us say that the vote is 50 to 50, just say that it is 50 to 50 by numbers, but by volume it would be 80 to 20. When will we know which will prevail, by numbers of producers or by volume?

Mr. GIRARD. Presumably the Secretary would issue the regulations prior to the referendum; he would do that so that the folks would know on what basis the results will be determined. And so, in that case, if it was a number determination, why, then, it would fail. On the other hand, if it were a volume determination, it would carry.

Mr. ABERNETHY. You anticipate that there may be instances when the number of farmers voting in the referendum would be greater in opposition to those voting by volume, but that the quantity in production would be greater?

Mr. GIRARD. That is conceivable, sir. We figured out that 25 percent of the cotton producers would be sufficient to carry a volume vote.

So that if all of the large producers voted one way, it is possible that you could have 75 percent of those voting against it and 25 percent for it, if you restricted your approval to volume alone.

Mr. ABERNETHY. Well, now, if you restricted your approval to volume alone, and this situation happened, as you say it could, when only 25 percent of the producers voted for it, who will protect me when I return to my district from the thousands of my small farmers?

Mr. GIRARD. I think that is an area——

Mr. ABERNETHY. I am not being facetious.

Mr. GIRARD. No, no. We recognize that it is a very serious problem. As you know, in our cotton quota program, it is numbers. In fact, in most of our quota programs, numbers are the factor. It is on a numbers' basis rather than on a volume basis. So, I think that this is an area that the committee may very well want to consider quite seriously, and the committee, of course, could strike out the alternatives if they thought, in their wisdom, that would be desirable.

Mr. ABERNETHY. I have another question: Let us suppose that I gin my cotton. I have 10 bales. Incidentally, I have quite a number of farmers in my district who produce only 10 or 12 or 15 bales of cotton. I pay in my $10. I ask for it back. What then?

Mr. GIRARD. Well——

Mr. ABERNETHY. I fill out the form provided by the administrator of the program for the return of the fund I have paid. Then I cannot vote in any subsequent referendum, is that right?

Mr. GIRARD. That is the way that the bill is now written.

Mr. ABERNETHY. What is the objective for excluding those farmers from voting in a subsequent referendum?

Mr. GIRARD. I think that you would have to ask the proponents and the sponsors of the bill on that.

The CHAIRMAN. If you are talking about the little farmer, who does not want to get into this program, he does not have to get into it. This means that the big farmers would be financing the entire program and that the little farmer would benefit from the program.

Mr. ABERNETHY. I am not now quarreling about anything. I am just trying to find out about this bill.

The CHAIRMAN. Why then discuss the voting?

Mr. ABERNETHY. And the next time they will not check him off.

Mr. GIRARD. He would have to ask for a refund each time.

The CHAIRMAN. He can ask for the refund. It is just as simple as that; he gets his money back.

Mr. ABERNETHY. It is the same as in the other program. He would be put on the blacklist.

The CHAIRMAN. They cannot put him on a blacklist, and it is beneficial to him as well as to others.

Mr. ABERNETHY. I just want to be sure—I want to know what will happen. I want to be sure that I know what will happen if this bill becomes law.

The CHAIRMAN. I do not see how the small farmer could possibly suffer.

Mr. ABERNETHY. I do not say now that he will suffer. I just want to know what the mechanics of this will be. Then I can decide whether anyone will suffer.

The CHAIRMAN. Under the volume part of the program, if it is such, 25 percent of those will pay the cost of the program.

Mr. GIRARD. Presumably those who vote for the program are those who are going to support it and not ask for refunds; at least, that is what we envision.

Mr. ABERNETHY. Suppose that 50 percent of the farmers ask for a refund, then they are, from then on, excluded from participating in the referendums, are they not?

Mr. GIRARD. That is correct.

Mr. ABERNETHY. Then, the next referendum would be imposed by two-thirds of only 50 percent?

Mr. GIRARD. Yes, those who are participating in the referendum.

Mr. ABERNETHY. And you could reach the point in the third referendum of the fee being imposed by only two-thirds of one-fourth of the growers.

Mr. BUCY. If you got down to that point, there is a provision in there to the effect that if 10 percent of the producers voting in the original referendum petition the Secretary to hold a referendum to repeal the program, then he has to hold a referendum and conduct it at that time, and then if 50 percent of the producers producing 50 percent of the cotton crop vote in favor of terminating the program, it must be terminated.

Mr. ABERNETHY. The only reason that I am raising this question, Mr. Chairman, is that I am trying to find what happens to the fellow who does get out.

The CHAIRMAN. For example if I pay in $10 on 10 bales of cotton and ask for the money to be refunded, will it be refunded?

Mr. GIRARD. You get it back.

The CHAIRMAN. It does not cost him anything to get out?

Mr. GIRARD. Merely the postage.

The CHAIRMAN. It does not cost him anything to stay out and he gets the benefit of the program.

In our State we have had in operation a tobacco program in Flue-cured tobacco, and I do not recall ever having heard of anybody asking for a refund of the little amount of money that he paid in. Perhaps they have in a few instances.

Mr. DOLE. Is that like a section 14–B?

The CHAIRMAN. We are talking about agriculture. I am not getting off on something else. Go ahead.

Mr. STALBAUM. Will you yield?

Mr. ABERNETHY. Yes.

Mr. STALBAUM. In line with this voting on the referendum, I just want to make it clear in the record that this applies only to the referendum under this order; is that right?

Mr. GIRARD. That is correct, sir. This is a separate bill from the marketing agreement act. While it is patterned after the Agricultural Marketing Act, there is no connection between the two, or a tie-in.

Mr. STALBAUM. So that the failure to contribute, or requesting refunds and obtaining them would not preclude him from any other cotton program referendum activity: anything of that kind?

Mr. GIRARD. It only has to do with this particular promotion program and nothing else.

Mr. ABERNETHY. Well, would you object to amending the bill so as not to deny this particular farmer, who asks for a refund, participation in future referendums?

Mr. GIRARD. The Department would have no objection to an amendment deleting that provision.

Mr. ABERNETHY. You would not have any objection to such an amendment?

Mr. GIRARD. If the committee desires to do that.

Mr. ABERNETHY. I just want to know.

Mr. HEIMBURGER. I just want to suggest that the spokesman for the Cotton Council, in their testimony, will suggest an amendment to this provision you are discussing.

Mr. ABERNETHY. Perhaps, we could save a lot of time by hearing him now.

The CHAIRMAN. Any further questions?

Mr. STALBAUM. I would like to ask some questions.

The CHAIRMAN. Mr. Hagen is first.

Mr. HAGEN of California. How do you determine the volume of production by each voter?

Mr. GIRARD. There are very few commodities concerning which we have more information than the production of cotton, because of our other programs. So, the producers would have to declare, and then, of course, we have ways of checking through our county offices as to whether that declaration is accurate.

Mr. HAGEN of California. You verify it, then?

Mr. GIRARD. We could verify it.

Mr. HAGEN of California. Another question.

Since production practices, and so forth, vary from State to State, do you contemplate individual State programs or just a national program?

Mr. GIRARD. There is nothing in the bill which would preclude a State program, but, as I understand the desires of the sponsors, they feel that it should be a national program, to make it work properly.

Mr. HAGEN of California. But the language of the bill——

Mr. GIRARD. I am sorry. I was in error.

Mr. HAGEN of California (continuing). Seems to me to indicate otherwise.

Mr. GIRARD. It says all production areas. I stand corrected.

Mr. HAGEN of California. The language of the bill seems to contemplate State programs rather than a national program.

Mr. GIRARD. That is, from a State-participation standpoint. In other words, say that a State which reduces its contributions by asking for refunds, its representation on the Board would be reduced accordingly. So, that is how the States get into the picture, plus the fact that each State must be given at least one representative on the Board.

Mr. HAGEN of California. I understand the construction of the Board, but say that you want a production research program for Mississippi, which is not applicable to California—say that you wanted that, who would determine whether or not that program would be conducted?

Mr. GIRARD. I was in error when I first made that statement, Mr. Chairman.

Section 3, page 4, the last sentence of that section of the bill provides:

Such orders shall be applicable to all production or marketing areas, or both, in the United States.

It would be impossible under this bill as now written to have a State program.

Mr. HAGEN of California. I see. That is all. Thank you.

The CHAIRMAN. Mr. Stalbaum.

Mr. STALBAUM. I noted that in setting up the program, you have a Cotton Board, which is on page 10, with the approval of the Secretary, and then you have a Promotion Board—I guess that is about the only term that I can give it—which comes up later, apparently coming from the same groups and subject somewhat to the same approval of the Secretary. Perhaps my question should not be directed to you, maybe it should be to the author or to those who have promulgated this plan, why the need for two Boards?

They are really representing the same group, and both are specifically designated under section 14 as the parent group from which they come and then going back, one reviewing the work of the other.

Mr. GIRARD. I would prefer that they, the sponsors of the program, answer that question, Mr. Stalbaum. All I can say is that this is a new and novel approach, insofar as our programs are concerned.

Mr. STALBAUM. I would like to ask the chairman on that point. Maybe he would rather defer the answer to that question to someone who will testify later. The question that I raised pertains to the fact that there are two boards set up under this bill, a Cotton Board from the various groups, and then later a sort of a Promotion Board, also, from the various groups, both coming from the same area, all certified by the Secretary, and my question is: Why the two groups for the two Boards?

The CHAIRMAN. If I understand it, the first group would be a larger group, so that everybody could participate, is that right, that, is in all areas? Then, the final decision is based upon the recommendation of the first group, which would be recommended or rejected by the second Board, and then it would go to the Secretary.

Mr. GIRARD. That is the way that the program is set up.

The CHAIRMAN. Then, the Secretary at the top level issues the order.

Mr. STALBAUM. Both Boards come from the same group—both refer to the same section in the bill, section 14—both have to have their action approved by the Secretary. I am wondering why the need for two Boards.

The CHAIRMAN. I will be delighted to go into that, unless you would like to answer the question.

Mr. GIRARD. I prefer that Mr. Cortright answer the question.

The CHAIRMAN. We can have the industry do that.

Mr. GIRARD. Yes.

The CHAIRMAN. Let us go off the record just a minute.

(Discussion was had outside the record.)

The CHAIRMAN. Back on the record.

Mr. DOLE. I have just one question.

It is with reference to section 11, mentioned in the letter from Mr. Schnittker and the attachment thereto, which, probably, relates to

the same question raised before: Is the demand for the refund under this bill to be made by the producer, or how is it to be made?

Mr. GIRARD. Certainly, by the producer, rather doing it through the processor or the handler acting as his agent. It is contemplated that the producer himself should be the one to make the application and not somebody else.

Mr. DOLE. You feel that section 11 in its entirety is necessary?

Mr. GIRARD. Well, if you are going to give it a voluntary twist, I think it would have to have some basis for getting the refund; otherwise, the producer could not obtain a refund. In other words, whether this is written the way that it ought to be is one thing.

Mr. DOLE. Could it not be written so that the assessment would not be made in the first place, so as not to have the burden put on the producer?

Mr. GIRARD. It could be written that way; it could also be written whereby if the producer who did not want to have the assessment made would issue some sort of a statement or a request, or something of that sort, but that is not in the present bill.

Mr. STALBAUM. Will you yield for a question there?

Mr. DOLE. Yes.

Mr. STALBAUM. It states, also, in order to get his refund he has to get a statement from the purchaser. Supposing that the purchaser will not give him a statement, might it not be possible, for instance, to merely provide that adequate documentation that the assessment had been paid would suffice?

Mr. GIRARD. Paid on his behalf?

Mr. STALBAUM. In other words, that the final bill that receives for it, some certification of that be made on that, might not that suffice?

Mr. GIRARD. Yes; there is one thing that must be kept in mind. We construe this bill as applying the assessment against the handler irrespective of whether he collects it from the producer or not. It is conceivable that some handler may have paid the assessment but has not collected it. Of course, in that case, the producer should not be entitled to recoup what he did not give. It is a question of how that should be structured to make sure that the refund requested has been paid.

Mr. STALBAUM. To follow up my inquiry, a statement clearly showing that he had made the payment through various deductions—that this might be sufficient for the purpose of the refund?

Mr. GIRARD. That could be—that is a possibility, but we have to make sure that the aggregate of the statements matched the aggregate of the payments for that particular handler, so that we could have some kind of a check in there.

Mr. STALBAUM. I recognize that.

Mr. ABBITT. Will you yield?

Mr. DOLE. Yes.

Mr. ABBITT. I notice on page 14, line 11, that the man who requests the refund, that such record shall be a matter of public record.

What is contemplated by that matter of public record?

Mr. GIRARD. Well, I suppose it means that if somebody wants to find out who did not make the refund, they could go to the Cotton Board and ascertain that information. That is all that I can see on that.

Mr. ABBITT. It would be a piece of paper, or something like that?

Mr. GIRARD. It is a matter of public record. Whether the Cotton Board would publish a list, that would depend on how the order is written. I think under this language, conceivably they would have authority to do it.

Mr. ABERNETHY. Who is the custodian of the fund?

Mr. GIRARD. The Cotton Board. And they operate like our other marketing order programs. They would have to deposit their funds in a bank account, insured, as Federal funds are; they would have bonded employees, and they would be subject to an audit by the Office of the Inspector General to make sure that their funds were properly accounted for.

Mr. HEIMBURGER. May I ask just one question?

The CHAIRMAN. Yes, sir.

Mr. HEIMBURGER. Mr. Girard, I would just like to clear up in my own mind a question as to the handling of the money which is collected from the producer. Does that money at any time go into the Federal Treasury?

Mr. GIRARD. No, sir.

Mr. HEIMBURGER. And the Federal Government has no discretion as to the expenditure? It must be spent for the purposes for which it is collected?

Mr. GIRARD. That is correct.

Mr. HEIMBURGER. Or not spent.

Mr. GIRARD. Or not spent.

Mr. HEIMBURGER. It cannot be spent on a bridge out in Iowa or a national park in New Jersey, or something like that?

Mr. GIRARD. No.

Mr. HEIMBURGER. Thank you.

The CHAIRMAN. I said in my opening statement that I had some misgivings about this legislation as to its constitutionality. Well, are you satisfied that the bill as it is now written is constitutional?

Mr. BUCY. You will notice that there is a finding in there that this is supplemental to the regulatory program and a part of it. On that basis, you will recall that under the Defense Production Act, during the war, that we controlled milk the same as marketing orders control milk, and we collected assessments to pay the expenses of that program, and the courts sustained those as being a proper assessment. The question of whether the dollar reflects the expenses or not would be a matter that presumably the proponents of an order would establish as a matter of record, so as to justify the flat sum being collected as being an assessment with direct reference to the cost of administering the program.

The CHAIRMAN. Mr. Hagen.

Mr. HAGEN of California. Was there not a similar proposal made some 4 years ago with respect to a meat board?

Mr. BUCY. It was a different situation that you are speaking of, in relation to the meat board.

Mr. HAGEN of California. With reference to meat?

Mr. BUCY. The meat board situation.

Mr. HAGEN of California. Yes.

Mr. BUCY. That was a voluntary program.

Mr. HAGEN of California. Mr. Poage had a bill.

Mr. BUCY. That bill was because of a provision in the Packers and Stockyards Act controling the marketing agencies in their fiduciary capacity which said that they could not deduct from their principal's money sums without the principal's prior consent. The bill that Mr. Poage sponsored and which was passed said that that act should not be construed as prohibiting a marketing agency from deducting the money, so long as they notified the party that they could get it back on request.

Mr. HAGEN of California. That is the Meat Board situation?

Mr. BUCY. That is the Meat Board situation today.

The CHAIRMAN. Thank you gentlemen very much.

We will now call Mr. Cortright, chairman of the board of the National Cotton Council of America.

STATEMENT OF G. C. CORTRIGHT, JR., CHAIRMAN OF THE BOARD OF THE NATIONAL COTTON COUNCIL OF AMERICA

Mr. CORTRIGHT. Mr. Chairman and gentlemen of the committee, my name is G. C. Cortright, Jr. I am a cotton farmer of Rolling Fork, Miss. I also am a member of the board of trustees of the Cotton Products Institute, and board chairman of the National Cotton Council of America.

My purpose in being here is to testify as a cotton farmer in support of H.R. 12322. I also speak in behalf of thousands of other cotton farmers who have endorsed this approach toward financing a fully adequate program of cotton research and promotion.

In announcing his introduction of this legislation, Chairman Cooley said:

> I am proud to sponsor this rather unusual piece of farm legislation—one that the taxpayers will not be called upon to pay for.

I, too, am proud of this legislation, under which cotton farmers are proposing to use their own money to finance an essential program of self-help.

As producers, we realize and deeply appreciate what our Government has done to help us. Without its vital assistance in research, cotton would long since have ceased to be a major fiber. It goes without saying that we, like other segments of agriculture, count heavily on a continuing and expanding effort in research through the USDA and State experiment stations.

Our Government has provided immensely important promotional assistance in foreign countries, through Public Law 480; this will continue to be essential to our effort to expand raw cotton exports.

And, through the Agricultural Acts of 1964 and 1965, our Government has moved to make cotton fully competitive in price, certainly an essential ingredient in the drive to hold and expand our markets.

Let me repeat: These programs have helped save cotton as a major industry, and their continuation of a sound basis is vital to us. But after coming before you so often to support measures involving treasury funds, it is most gratifying now to support a proposal which recognizes the producer's responsibility to himhelf, and which is the

long run promises a great reduction in the most costly part of the Government's program for cotton.

There can no longer be any doubt—absolutely no doubt— about what must be done if we are to have a sound, healthy cotton industry.

Those who have said that price is virtually the same basis for meeting modern fiber competition have been proved wrong.

Without question, price is, and certainly will remain, of crucial importance, especitlly in competing against rayon and foreign-grown cotton.

But the price of American cotton has dropped sharply in recent years. Under the acts of 1964 and 1965, the Government has demonstrated its willingness to give great help in making out fiber competitive in price. Our losses have been slowed by this action, but they continue. Our surplus mounts.

The reason for this is abundantly clear. We are losing out to the noncellulosic fibers—fibers such as nylon and polyester—all much higher in price than cotton.

And why are we losing to these expensive fibers? Certainly not because of price. We are losing to them because of their massive outlays of money, effectively spent, for quality improvement, for development of new and different products, and for sales promotion at all levels from the textile mills to the ultimate consumers.

Ever since the mid-1950's, it has been evident that the great new thrust in textiles was coming from these expensive fibers. It has been evident that cotton, to survive, would have to raise some really big money to fight back—especially in the areas of product development and promotion.

The National Cotton Council, which is supported by all branches of the industry, recognized the new dimension in fiber competition in 1956; the council doubled its finance plan and its income. The council has produced excellent results in terms of the money it has spent. But even with a doubling of its income, the council's resources were hopelessly inadequate. It was obvious that the council had reached a practical limit on how far it could go in raising dues for all interests. It was apparent that cotton producers themselves were the only members of the industry who were in a position to put up the big money that was needed.

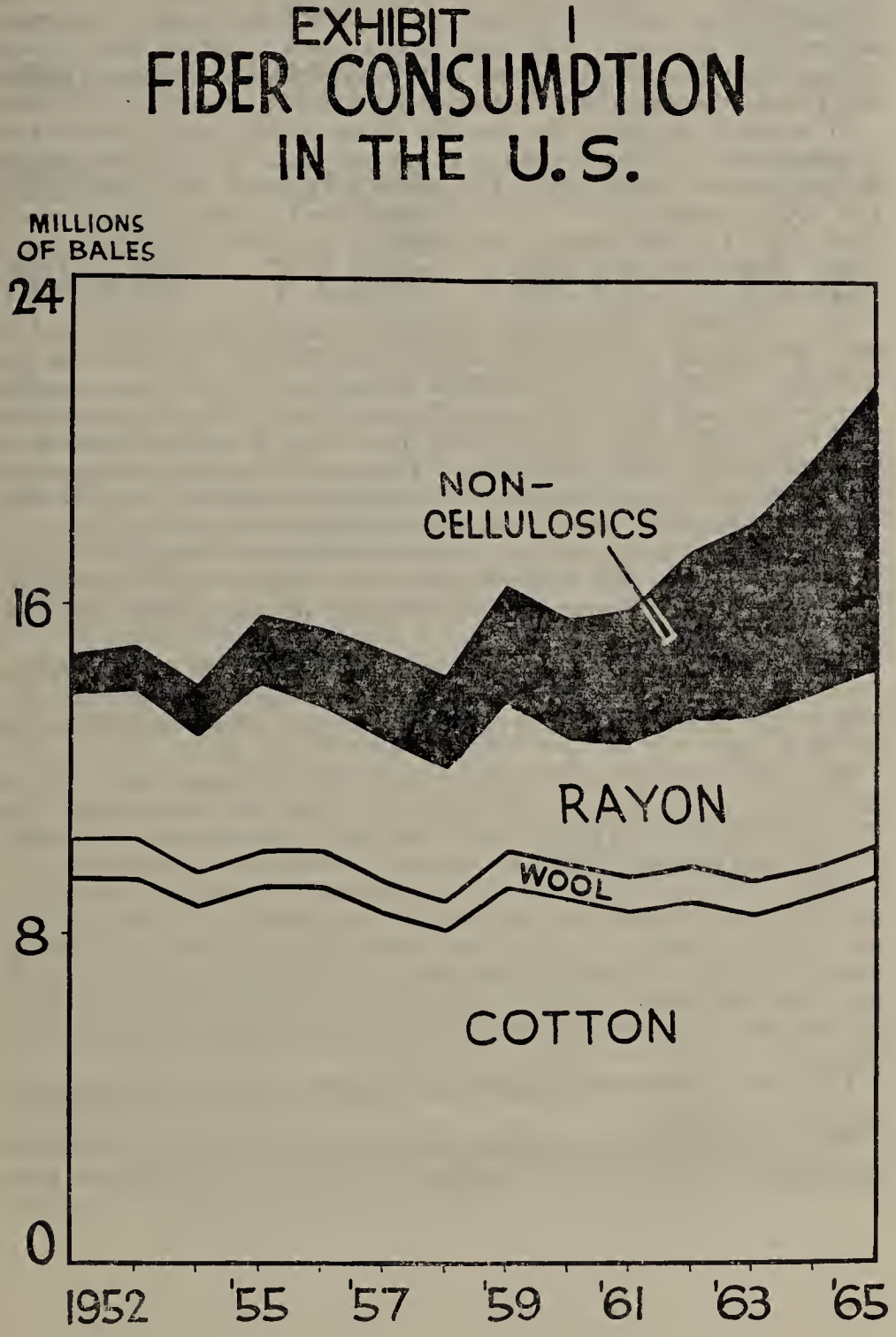
Accordingly, in 1960, producer leaders took steps which led to the formation of the Cotton Producers Institute, whose whole purpose was to supplement the work of the council and other groups in research and promotion, and move us to the point where we could compete.

The institute, financed by voluntary contributions of a dollar a bale from producers, quickly achieved an income of $3 million a year. Then its income leveled off and threatened to drop—for a reason which led us to the proposal now before this committee. I will discuss this reason a little later. But at this point, I would like to get before you some basic economic facts about our present market situation, and the critical role that research and promotion will play in making cotton's outlook take a great new turn for the better—or for the worse. I want to call on Dr. M. K. Horne, the council's chief economist, to review these facts with you.

STATEMENT OF M. K. HORNE, JR., CHIEF ECONOMIST, NATIONAL COTTON COUNCIL OF AMERICA, MEMPHIS, TENN.

Mr. HORNE. Mr. Chairman and members of the committee, for the record I am M. K. Horne, chief economist of the National Cotton Council. I live at Memphis, Tenn., and with your permission, sir, I would like to make use of some charts in order to present my statement. I believe I can make it more clear by doing it this way.

EXHIBIT I



This first chart presents the record of fiber consumption in the United States, across the period of years from 1952 to 1965. These numbers are all expressed in equivalent bales of cotton, in millions of cotton bales. What you will notice immediately is that in recent years there has been a very strong and great increase in total fiber consumption in this country. It has gone up from 14 million bales equivalent, in 1958, to well above 21 million bales equivalent in 1965.

The cotton portion of this market is shown by the blue section at the bottom of the chart. You see that in 1964, and again in 1965 the consumption of cotton increased in this country, but it did not increase appreciably through all of these recent years. During these recent years, cotton has failed to share in this total market expansion sufficiently so that we could get the market growth that was needed so much.

It is very interesting to note the fibers which have achieved this market gain. It was not wool, as you can see. Wool is represented by this narrow band here. The green portion of this chart reflects the rayon consumption. And you see here that through the years, from 1960 to 1963, cotton consumption—the blue—was declining a little. Rayon consumption—this green part—increased about 1 million bales equivalent.

Now, in 1964, rayon's rate of increase diminished sharply, and in 1965 it virtually disappeared, while cotton did get some increase for a change. But, obviously, the great expansion in this domestic market has been primarily in these noncellulosic fibers. They include nylon and the whole range of synthetic fibers that go by such names as Dacron, Fortrel, Orlon, and so on. They now have a market expressed in cotton bales equivalent which is the equal of about 7 million bales, and over 2 million bales of that increase has come in the last 2 years.

These fibers are going into the manufacture of shirts, trousers, dresses, bedsheets—the whole range of the markets that is covered by cotton, and these increases consist mainly of competitive losses by cotton.

If the cotton program which has received so much of your attention is to work successfully, obviously cotton has to meet its competition so that the domestic market can get a good strong rate of growth in the future.

This first chart gives the big picture by full calendar years. There is not enough room on this chart to show precisely some things that should be observed in recent years, so I will move to my second chart, giving some figures on the consumption of cotton on cotton spindles.

This gives some figures on the consumption of fiber in cotton mills or on cotton spindles. Virtually all of the cotton that is consumed is on cotton spindles, and a great deal of the rayon and the noncellulosic fibers is spun right into yarn in these cotton spinning mills. I show here that the percentage of this market, which was cotton, rayon, or noncellulosic fiber, and in every case the three figures add up to 100 percent.

I give here certain calendar quarters which would be most interesting and significant.

The middle one is the first quarter of 1964, which was just before the Agricultural Act of 1964 was adopted. And then I give you for com-

EXHIBIT 2

CONSUMPTION ON COTTON SPINDLES

	COTTON	RAYON	NON-CELLULOSICS
1960 (1st Qtr.)	88.6%	8.4%	3.0%
1964 (1st Qtr.)	79.0%	13.8%	7.2%
1965 (4th Qtr.)	77.2%	12.1%	10.7%

parison the same quarter 4 years earlier, the first quarter of 1960. And then the bottom one is the very latest quarter, the fourth quarter of 1965.

Look at rayon. You see back in that earlier period rayon was gaining upon us very rapidly. It was a most alarming thing. But after the price of cotton for domestic consumption was lowered under the act of 1964, rayon was turned back, and everyone must certainly recognize that the action of this Congress in lowering the price of cotton for domestic consumption was the essential thing in checking these serious inroads against our markets. But then we have to look at these noncellulosic fibers which I described to you before. They were gaining upon us back in this earlier period, and they have kept on gaining in this later period very seriously. In fact, these gains by the noncellulosic fibers have been so great, in spite of our success against rayon, that cotton's share of this market has still continued to decline.

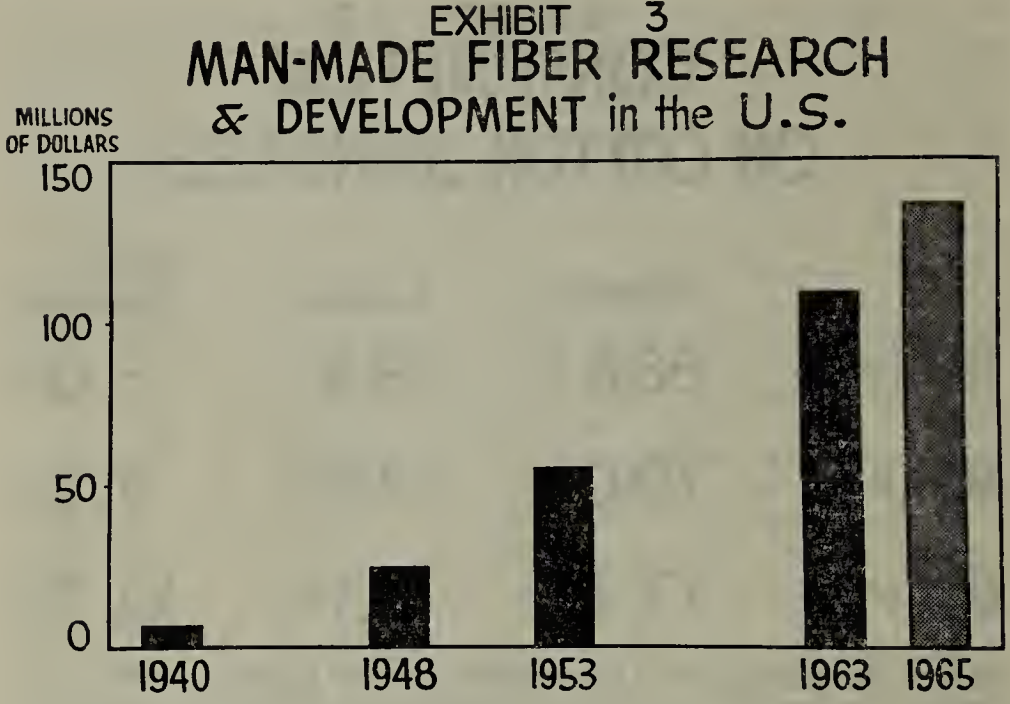
The key to an understanding of this matter is that rayon competes without us mainly by means of price, whereas these noncellulosic fibers compete with us mainly by means of something other than price. They are exploiting these great programs of promotion, and the like.

The price of rayon delivered to a consuming plant today is about 27 cents a pound. The price of cotton, back in this period of 1964, for domestic consumption, expressed in terms of the 15 official spot market average was about 33 cents a pound, but today it is below 24 cents a pound. And this is, essentially, why we are meeting this competition.

But the prices of the noncellulosic staple fibers are three and four times as much as that. Orlon is 80 cents a pound; Dacron is 84 cents a pound; and nylon is 88 cents a pound, and they are the ones that are gaining on us today.

Here is the record of estimates of the investment in research and development on the manmade fibers by the small group of companies that manufacture these fibers in this country. The

EXHIBIT 3



great bulk of this money was spent upon the noncellulosic fibers. I have the figures here for certain years, 1940, 1948, 1953, 1963, and 1965. The solid red bars are estimates that were published by the Chemstrand Corp. Chemstrand Corp. is one of the big manufactuers of synthetic fibers, doing a great deal of this research. It is in a position to make a good sensible estimate of what the whole industry is doing. This figure is also based on a projection that was published by Chemstrand Corp. We have other sources of information that indicates that this is a conservative estimate for 1965.

Look at that. It goes from $6 million back to 1940, to about $135 million in 1965.

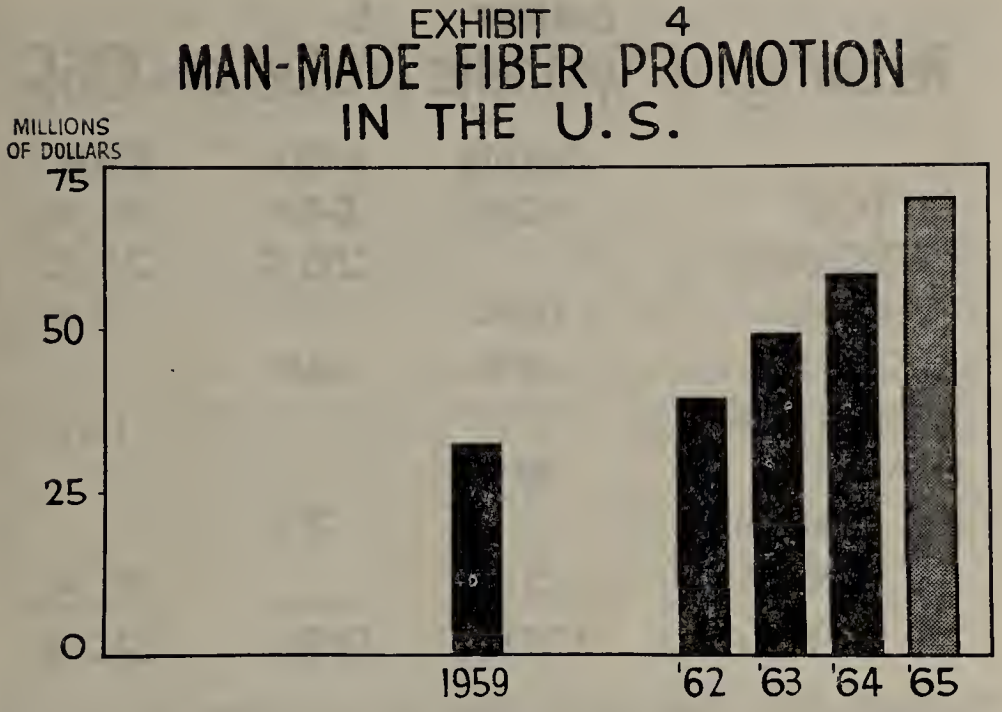
Now a comparison of what is going on in cotton research. The figures that we have compiled represent what is done by all agencies, public and private, for cotton in the field of research. We find that it comes to about $26,500,000 about one-fifth of this figure; $26 million is a big sum of money but not enough to keep us in the running with this kind of competition.

And now let me turn to the subject of "Promotion." Here I have some figures that I also obtained from the Chemstrand Corp. These figures are more recent. The first figure that they put out was for 1959. The scale is different from the other charts, but again you see the dramatic picture of this great increase. This is money spent for advertising—the promotion of these synthetic fibers.

We have to put those two things together. Keep in mind the chart that I just showed you on research. This one is on promotion. It is the way that they work together that really explains how our markets are being taken away from us.

Most of the research on synthetics that I showed to you is in the field of what is called product development, turning up something new to promote—a new yarn, a new fabric, a new finish, and so on.

EXHIBIT 4



These promoters are here to spend these millions and millions of dollars on advertising, in the consumer magazines, in a great range of promotional devices. This can be done for cotton, too. It certainly can be done for cotton. But it takes realistic sums of money.

I neglected to say that the figures that compare with this $70 million for synthetic promotion, in the case of cotton is about $4 million. That consists largely of what is being done by the Cotton Producers Institute and by the National Cotton Council. Four million dollars for cotton promotion against $70 million—odds of 17 to 1 against; and $26 million for cotton research against $135 million for the synthetics. Those are two great odds.

Perhaps, we should make an exception for wool, because wool has also been putting out very inadequate sums of money for research and promotion to compete with some of these programs, but I do not know of another case in agriculture where the odds against the farmer in research and promotion are so great and where such great human and economic values are at stake and where the competition is essentially that of a few large corporations against hundreds of thousands of farmers.

Now, finally, let me show you this table which just gives a little light on how it is that these synthetic manufacturers are able to raise these huge sums of money for research and promotion.

These are the three principal types of noncellulosics, polyester, such as Dacron; the acrylics, such as Orlon; and nylon. I have listed here some of the big corporations that make these products.

I show the estimated percentage of the total manufacture that came from each company last year. The first one you see there is Du Pont, which made about 62 percent of all the polyester fibers in this country; about 54 percent of the acrylics, and about 45 percent of the nylon.

EXHIBIT 5

Percentage of Synthetic Production: 1965

	POLYESTER	ACRYLIC	NYLON
DU PONT	62%	54%	45%
CHEMSTRAND		26%	25%
CELANESE	16%		3%
EASTMAN	8%	6%	
ALLIED CHEM.			11%
BEAUNIT	9%		
AM. CYANAMID		7%	
AM. ENKA	5%		6%
TOTAL	100%	93%	90%

You see the five companies made about all the polyesters last year, the four made very near all of the acrylics last year, and these five [indicating] accounted for 90 percent of the nylon production. We could add three more, and it would be about 98 percent for the whole thing.

Everyone of those companies, of course, has a board of directors which can sit down at one table and allocate out of the revenues of that company whatever amount of money for research and promotion they think is needed to build a strong, outstanding market for their products.

This is the cotton farmers' competition. There are one-half million cotton farmers. Where would you find such a contrast in the way of such direct competitive setup with which to do business? This, Mr. Chairman, is why the cotton farmer just has to have a mechanism to finance some of his research and promotion on a realistic modern scale.

Thank you.

The CHAIRMAN. Thank you very much.

Mr. CALLAN. Just one question.

Next year, won't about 12,500,000 bales of cotton be produced? That is an estimate.

Mr. HORNE. I do not know of any authentic estimate at all which has been made, because we have not yet, of course, obtained information on which option the farmers will elect.

Mr. CALLAN. I take it on the present program it might be about 12,500,000 bales; if you charge $1, that will raise $12,500,000, and if you are spending $26 million now, that puts you up to about $38 million, and they will still be outspending you 6 to 1 under this program; is that not right?

Mr. HORNE. Yes, sir; that is right, but we do not mean to suggest at all that you have to match this money dollar for dollar. Cotton has a great many rich opportunities to make progress in research which are

being neglected. We can get a much greater return dollar for dollar than can the synthetic producers, and I feel sure that we could have a major impact on this whole situation.

Mr. CALLAN. You still will be behind 5 or 6 to 1, even after this program is enacted.

Mr. HORNE. Yes. We have some factors on our side, however, that might offset that. We have a mighty good fiber.

Mr. FINDLEY. I am wondering why the cotton council, being able to recognize the promotional efforts by the manmade fiber manufacturers, has not been doing more about cotton promotion on its own years ago?

The CHAIRMAN. I fully explained that a moment ago. The cotton council is composed of certain segments of the industry but not all of the segments of the industry. In other words, all farmers do not participate in contributions to the council.

Mr. CORTRIGHT. I pointed out that in 1960 our revenues were at about a $3 million level. Since then the farmers have put up an additional $3 million which now gives us about $6 million total in a program within the framework of the cotton council and the CPI.

The CHAIRMAN. And that is not adequate.

Mr. CORTRIGHT. That is not adequate.

Mr. FINDLEY. Are the expenditures for manmade fiber promotion financed in their entirety by these four or five big companies, or are they financed by merchants, too, who have goods made out of these fibers?

Mr. HORNE. The figures that I showed to you consist exclusively of the money that is put up by the manufacturers of the synthetic fibers. Of course, there will be other funds in addition, as you indicate. Those that are along the way.

(The prepared statement submitted by Mr. M. K. Horne, Jr., reads in full as follows:)

STATEMENT OF M. K. HORNE, JR., CHIEF ECONOMIST, NATIONAL COTTON COUNCIL OF AMERICA

First, let me show you exhibit 1, which gives the record of fiber consumption by the textile industry of the United States across the period of years since the Korean war. The annual figures are plotted here, and we show every year, beginning with 1952 and including careful estimates for last year, 1965. All the figures are expressed in equivalent bales of cotton.

Notice how total consumption of the main textile fibers has expanded, especially in recent years. It rose from just over 14 million bales or bale equivalents in 1958 to more than 21 million last year.

Cotton consumption did increase last year and the year before, but not enough. Through all the most recent years we have failed to share in this growing market to the extent that we needed to, and it is interesting to see who did get the lion's share of this market growth. Not wool, obviously.

Notice the band representing consumption of rayon. Between 1960 and 1963, while cotton consumption declined slightly, rayon gained by the equivalent of about a million bales. But rayon's gain slackened in 1964 and virtually disappeared in 1965, while cotton consumption rose.

Obviously the big competitive gain has gone to the broad class of fibers which goes by the term, "noncellulosics." This includes nylon and the whole list of synthetic fibers which sell under such names as Dacron, Fortrel, Orlon, and Acrilan. These fibers now have a total market in this country which equals nearly 7 million bales of cotton, and they have gained over 2 million bales of that in the last 2 years. They are going right into the manufacture of shirts,

dresses, trousers, bedsheets—virtually the whole range of markets served by cotton. Their gains consist mainly of competitive losses by cotton. If the cotton program, which has received so much of your attention, is going to work satisfactorily, we have to meet this competition so that cotton consumption can expand as it should.

Exhibit 1 gives the big picture by full calendar years, but it does not show some of the recent changes precisely enough. So let me show you some figures which tell a great deal more about our competition. These are given in exhibit 2.

Here we are just talking about fiber consumption in cotton mills or on cotton spindles. This is where nearly all the cotton is consumed, and a lot of the rayon and noncellulosic fiber is spun into yarn right on these same cotton spindles. Naturally this is where we get our very closet competition from the manmade fibers. I show what percentage of this consumption was cotton, rayon, on noncellulosic fiber. The three figures (reading horizontally) add up to 100 percent in each case.

And I have selected certain calendar quarters which ought to be the most significant. The middle line in exhibit 2 is the first quarter of 1964. That was right before the Agricultural Act of 1964 was adopted, lowering the price of cotton for domestic consumption. On the first line, for comparison, I have the same quarter 4 years earlier—the first quarter of 1960. Then on the bottom line I have the very latest canlendar quarter—the fourth quarter of 1965. The figures underlying this are seasonally adjusted and are expressed in cotton equivalents.

Rayon was gaining tremendously upon us back in that earlier period—from 8.4 to 13.8 percent. But after the price of cotton came down in 1964, rayon's gains were halted and it was pushed back to a smaller share of the market. We all must recognize that the action of the Congress in lowering the domestic market price of cotton checked our competitive losses here.

But the noncellulosics, which had been gaining before, went right on gaining at a rapid rate after the price of cotton came down. In this recent period they have moved up from 7.2 to 10.7 percent. Their gains were so big that, in spite of our success against rayon, cotton's share of this market has still declined, you see.

The key to an understanding of this situation is that rayon gives us our main price competition, while the noncellulosic fibers depend mainly on something other than price. They are exploiting tremendous programs of research and promotion. Rayon staple sells for approximately 27 cents a pound, delivered to the consuming plants. The price of cotton for domestic consumption, expressed in terms of the 15 official spot market average, was reduced from a little over 33 cents in the first quarter of 1964 to a little under 24 cents in the last quarter of 1965, and that is essentially why rayon's inroads against us were checked.

But the noncellulosic staple fibers sell for three or four times as much as that, per pound. Orlon staple, for example, is 80 cents a pound, Dacron 84 cents, nylon 88 cents a pound. And yet they are the ones that are still gaining on us. Why?

Exhibit 3 presents estimates of the amount of money which has been invested in certain years in manmade fiber research and development by the small group of companies which manufacture these fibers. The great bulk of this money is spent upon the noncellulosic fibers. We have the years 1940, 1948, 1953, 1963, and 1965. The solid bars represent estimates which were published by the Chemstrand Corp. Chemstrand is one of the largest manufacturers of these fibers; it is doing a lot of this research, and it is in position to make very good estimates for the whole industry. The figure for 1965 was extrapolated with the use of some projections into the future which were also published by Chemstrand, and we have several other sources of information which make this look like a conservative estimate.

Please look at the rate of growth that has occurred in manmade fiber research—from $6 million in 1940 to $135 million in 1965. Now how does cotton research compare with this in terms of the total dollar investment in the same year? We have compiled estimates of the amount spent on cotton research by all agencies, public and private, and it adds up to about $26½ million—less than one-fifth as much—a big sum of money but not enough to keep us in the running with this kind of competition.

I also present to you in exhibit 4 some estimates, which I obtained from the Chemstrand Corp., as to the amount of money spent to advertise and otherwise

promote the sale of these fibers. These figures begin more recently, with 1959, and the scale of this chart in exhibit 4 is different; but you see once again the rapid rate of increase. Last year an estimated $70 million was spent for manmade fiber promotion by the producers of such fiber.

For cotton the comparable figure is only about $4 million. Most of this represents the work of the Cotton Producers Institute and the National Cotton Council. About $70 million to promote our competition against $4 million to promote cotton. The odds against us are more than 17 to 1.

We have to put these two things together—the promotion and the research—to understand how the synthetic manufacturers are taking over our markets. These huge research programs are engaged mainly in product development—in turning up something new that can be promoted—new yarns, new fabrics, new finishes, and so on. And the promoters are there to sell those things to the members of our affluent society by means of advertising on television and in consumer magazines, and of many other promotional devices. The same thing can be done for cotton, but it takes realistic sums of money.

We have 4 million against 70 million in promotion, and 26½ million against 135 million in research. We might make an exception of wool, which has also been putting up very inadequate sums of money across these years to compete with some of these same synthetic programs. But aside from this, I do not believe there is another case in all of agriculture where the odds against the farmer in research and promotion are so very large—where such great human and economic values are at stake—and where the competition is so clearly that of a few large industrial corporations against hundreds of thousands of farmers.

Finally let me show you in exhibit 5 just how it is that our competitors are raising such huge amounts for research and promotion. We have here the three main types of noncellulosic fiber: the polyester such as Dacron, the acrylic such as Orlon, and the nylon.

We list several corporations in exhibit 5 and show by careful estimates how much of the total American production comes from each of them. One company, Du Pont, produces about 62 percent of all the polyester, 54 percent of the acrylic, and 45 percent of the nylon. You see that five companies accounted for just about all of the polyester fiber, four for 93 percent of the acrylic; and five for 90 percent of the nylon.

In each case here there is a board of directors which can sit down around one table and make a decision to allocate from the company's revenues whatever amount of money they think is needed for research and promotion to build profitable markets for it. This is the cotton farmer's competition, and there are half a million cotton farmers. Where else could you find such a contrast in the way direct competitors are set up to do business? This is why the cotton farmer has to have an effective mechanism to finance some of his own research and promotion on a realistic scale.

The Chairman. Continue with your statement, Mr. Cortright.

STATEMENT OF G. C. CORTRIGHT, JR.—Resumed

Mr. Cortright. Cotton's efforts in both research and promotion have had the characteristic of being "too little and too late." Right now our competitiors are literally beating us to death with new products of their research. Take permanent press, for example. Garments that require no ironing—made from synthetic and blend fabrics—are biting off big chunks of some of cotton's major end uses.

These new products are given enormous promotional support at every level of the trade, and especially with consumers themselves. Let me illustrate with the advertisements from the February 1966 issue of Seventeen magazine, which is now on the newsstands. There are 64 ads which identify fibers. Four identify wool. Nine identify cotton—and incidentally, three of the nine were paid for by the Cotton Producers Institute, and two others were directly attributed to CPI. But 51 of the ads, which we have put together in accordion form to show you, feature the manmade fibers. Here in this one issue of one

magazine we see how great the promotional weapon of the synthetic fiber products really is.

To further document the nature of our challenge, and what cotton must do about it, I have attached to my testimony some excerpts from remarks made just last week by Mr. Robert E. Brooker, president of Montgomery Ward, which is the third largest merchandiser of textiles in this country. Mr. Brooker made these remarks during an address to the National Cotton Council. I will not read these remarks, but I would ask that they be incorporated in the record.

The CHAIRMAN. They will be made a part of the record at the conclusion of your statement.

Mr. CORTRIGHT. Mr. Brooker made it crystal clear what cotton must do. He also made it clear that cotton does indeed have the potential for becoming a strong competitor and seeing its markets turn upward.

Without a doubt, our industry has all the know-how and the ability it needs in research and promotion. What we are lacking—the one and only thing we are lacking—is the big money it takes to make these programs go in the modern world of fiber competition.

There is no question as to who must put up the money. The producer must do it; and I can assure you that producer leaders and organizations across the belt are confident that cotton farmers are not only willing, but determined, to raise this money.

Through the Cotton Producers Institute, we have developed the broadest possible base of understanding and support for what must be done.

In my judgment, CPI has had behind it the greatest organizational effort ever put together in behalf of an agricultural commodity. The initial beltwide organization was brought on down to the State and area and county levels. Thirty-eight cotton producer groups across the belt threw their full support behind it. Included here were all of the State farm bureaus in the 14 major cotton-producing States; the State Granges; the cotton cooperatives; and other area or State cotton producer groups.

Some 8,600 of the country's top cotton farmers were brought together into various CPI committees. All told, 2,135 meetings have been held for CPI, with a combined attendance of 111,250.

After all this, we know how our producer leadership feels about putting up the money. They are ready to do it.

So why has the present CPI finance plan failed to measure up to the hopes we had for it? Why is CPI on the verge of heading downhill?

The answer has to do with the fact that there are around a half-million cotton farmers spread across the southern one-third of the country.

Du Pont and Celanese and other huge synthetic producers have to look no further than a small board of directors to get the money that they want to spend on research and promotion.

But how in the world do you go about the job of getting and accounting for money from a half-million cotton farmers? It would be self-defeating, and prohibitive in cost, for a central organization to try to deal with each farmer individually. The only possible approach is to collect the money where cotton becomes concentrated, and this calls for a high degree of cooperation from the processor and handler branches of the industry.

The basic defect in the CPI finance plan—the basic reason we have proposed the approach embodied in H.R. 12322—is that we have not been able to attain enough cooperation to establish a uniform collection.

Take the gins, for example, where most of the CPI money has been collected up to now. Normally, there are several gins serving a given area, and they compete very strongly with each other to get volume—which, in ginning, is synonymous with efficiency and profits.

If all gins in an area are collecting the dollar a bale, it doesn't become a competitive factor.

But if just one gin fails to make the collection—so that it seems he has reduced the price of ginning by a dollar a bale—the other gins are placed in an untenable position. They start pulling out too, and the whole program comes apart in that area.

This is the one great defect in the present CPI approach. We must correct it. We must effect a uniform collection to eliminate the competitive factor among processors and handlers. We must have help from the Congress in establishing a suitable mechanism for bringing this about. We have searched for some other way. We have found none.

The proposal before this committee is the only answer we have found. It has a tremendous base of support from the CPI leadership, from producer organizations and from the rest of the cotton industry. Last week, at the Council's annual meeting, producer delegates voted 43 to 7 to endorse this approach. Support from delegates of other branches of the industry was unanimous.

There is no point in my discussing the various details of the cotton research and promotion bill that is before you, but I would like to make a few brief comments on it.

First, I think this bill just as nonpolitical as any legislation could be. It specifically bans the use of any funds for the purpose of influencing Government policy or action. It should have bipartisan support. It should not become embroiled in controversy.

Second, I want to emphasize that participation in the program would be voluntary on the part of the individual growers. While the bill effectively provides for a uniform collection—as it must to eliminate the competitive factor among processors and handlers—any farmer can request and receive a complete refund of his money.

Third, the program cannot go into effect unless cotton farmers themselves vote affirmatively for it in a referendum. It will take two-thirds of the farmers voting, or two-thirds of the volume represented by the vote for approval.

Fourth, the bill provides for participation of cotton producer organizations in the program. We feel that this participation is not only highly desirable, but completely necessary, if the program is to be successful.

Fifth, the bill provides for administration of the research and promotion fund by a beltwide producer organization, set up on a basis comparable to that now followed by the Cotton Producers Institute. We recognize the Government's responsibility to see that the money is spent for the purposes intended. We think the bill contains fully adequate safeguards in that respect. At the same time, we do think that producers can and must have the right to decide how their own money will be spent.

Our understanding of how the program would work is this: The beltwide producer organization would have the authority for initiating and developing and supervising the program; in so doing, it would have the authority to consult with and utilize the resources of the National Cotton Council, the U.S. Department of Agriculture, the land-grant colleges, private research and promotion agencies, and any other groups or organizations which can contribute toward the program's objectives. The program would be subject to review and approval by the Cotton Board and by the Secretary of Agriculture. After approval, the Board would contract with the producer organization and proxide funds for the programs. But the intent is for producers themselves to make the decisions on how their money is to be spent, in essentially the same manner as they now make the decisions for CPI.

In conclusion, I want to stress the urgent need for speedy passage of the bill. We feel it is imperative for the program to go into effect on the 1966 crop. The present CPI program is being held together at its present level only in the belief that a uniform collection can be achieved for the coming season.

If action should be long delayed—and especially if there should be serious doubt about final approval of the bill—the present CPI program would almost certainly receive a jarring setback. It would be tragic if we lost the momentum that CPI has generated in research and promotion. We can't afford a cutback, at the very time we need a great expansion.

The legislation before you represents a make-or-break proposition for cotton producers, as well as the rest of the industry.

All we are asking is a fair, fighting chance to use our own money to build a program that will truly be capable of expanding our markets and preserving an industry that means so much to so many millions of Americans. We feel that we deserve this opportunity. We trust and hope that you will permit us to have it.

Since H.R. 12322 was introduced on January 26, 1966, cotton producer leaders from across the belt have been intensively studying and discussing the various provisions of the bill. It has received widespread support. However there are a few relatively minor changes which producer leaders have agreed upon and with which we agree. Most of these are in the nature of clarifying amendments. I would like to give you the substance of the suggested amendments and submit language to the committee counsel which would effect these changes. The proposed amendments are as follows:

1. The bill should be made clear that the order which the Secretary issues specifies that the Cotton Board would make the determination as to the handler responsible for collecting the producer assessment.

2. The bill specifies that the refund must be claimed by the producer within 30 days after he paid it to the handler and prescribes certain other procedures which must be followed for the producer to obtain a refund. These determinations both as to the time period and other steps to be taken by producers in obtaining a refund are matters that could best be worked out by the Cotton Board rather than to be specified in the law.

3. The bill provides that no producer requesting a refund would be eligible to vote in any subsequent referendum until all amounts refunded to him had been repaid to the Cotton Board. Some objection has been voiced to this provision. It is not considered an essential part of the bill and the suggestion is that it be eliminated.

4. In introducing H.R. 12322 the chairman made it clear in his press release that the referendum requires approval by two-thirds of cotton producers voting or two-thirds of the volume of cotton produced by such producers. The language of this bill is not completely clear on this point, and should be clarified accordingly.

5. The bill provides that each cotton-producing State would have at least one member on the Cotton Board. While there are 19 States in which some cotton is produced, it is of major importance in only 14 of these. The largest of the minor States produces a little over 15,000 bales whereas the smallest of the major States produces more than a quarter of a million bales. Accordingly it is proposed that only the 14 major States be guaranteed 1 member on the Cotton Board with the minor States joining their nearest neighbor in nominations to the Board for members who would represent their interests.

6. In a number of places in the bill, the term "cotton marketed" is used. A question has been raised as to whether cotton placed in the loan would be considered to have been marketed. Obviously, for the purposes of this bill, such cotton should be considered to have been marketed.

Mr. Chairman and gentlemen of the committee, I would say that we are of open mind and are willing to consider any further amendments to the bill and work with you in perfecting them. The main thing that we want is an effective answer, a workable plan for the cotton producers to operate their own research and promotion programs.

I thank you, sir.

The CHAIRMAN. Thank you very much.

Mr. GATHINGS. I agree with Mr. Cortright. Mr. Abernethy put his finger right on the point with regard to this legislation, that part which he discussed earlier in his questions, which had to do with the blacklisting of a cottongrower. I believe that you recognize that fact and would recommend that that language be deleted. It would not stay in there anyhow. This committee would knock it out because it is not proper.

I want to commend Dr. Horne for his reply to a question raised, I believe, by Mr. Callan with regard to the small amount of money expended by the cotton porducers as compared to that which is available to the synthetic fiber producers. Dr. Horne did not go far enough. I am sure that Mr. Cortright can tell the whole story.

For example, the National Cotton Council supported legislation that was introduced 2 years ago by Representative Frank Smith, of Mississippi, which was written into law. Every garment must state what type of fiber went into it. Is that not true? You are proud of your products—is that not right?

Mr. CORTRIGHT. Yes. We think it was a very beneficial piece of legislation to the industry.

The CHAIRMAN. Let me say that we have quite a list of witnesses here and we have only 2 days for these hearings. Are there any further questions? Let us go off the record.

(Discussion off the record.)

The CHAIRMAN. Back on the record.

Mr. Horne has placed his prepared statement in the record and without objection, it will be made a part of the record at that point where it was placed in the record.

Mr. GATHINGS. The council brought to us recommendations in 1964 that we write into that legislation $10 million for a program of research on cotton. We hoped that we could get a program of that kind, if the funds were made available, so as to get a crash program underway and get some results, but will you tell us, Mr. Cortright, just what has been done with reference to that?

Mr. CORTRIGHT. This was an authorization for $10 million to be used specifically for research to reduce the cost of producing cotton. It was implemented to the extent of about $5,400,000 in the last fiscal year. Of course, the matter is again before Congress and the Appropriations Committee as to how much more they will appropriate during the current session.

Mr. GATHINGS. Have any results been obtained?

Mr. CORTRIGHT. Yes, sir. I think quite significant results are being obtained on this.

Mr. GATHINGS. I wish that you would furnish for the record specifically just what has been done.

Mr. CORTRIGHT. Mr. Buck, I will ask you to answer that. You followed this program closer than I have. Would you specifically answer the question? Dr. Buck is on our staff as a technical consultant.

Mr. GATHINGS. Yes.

STATEMENT OF GEORGE S. BUCK, JR., DIRECTOR OF RESEARCH, NATIONAL COTTON COUNCIL, MEMPHIS, TENN.

Mr. BUCK. The effort has been underway just a couple of years, but very substantial progress has been made in developing new systemic insecticides to lower the cost of controlling insects and viruses for use against boll worms and better methods for controlling weevils by chemicals and improved herbicides. Progress has also been made in quality evaluation to permit more effective marketing of cotton. All of these have promising areas, Mr. Gathings, but we still do not have the full level of effort that we need in that area.

The CHAIRMAN. If you will yield.

Mr. GATHINGS. Yes.

The CHAIRMAN. You plan to introduce this program again to the Appropriations Committee?

Mr. CORTRIGHT. We will be before the Appropriations Committee again this year.

The CHAIRMAN. Mr. Dole.

Mr. DOLE. What you propose to do, apparently, according to your statement, from reading page 5 where you discuss uniform collection is that you really mean compulsory collection, because as you indicate you do not get enough voluntary contributions; therefore, it will have to be a compulsory assessment. This interests many of us. Would you have any objection to providing in the bill that the burden would not be placed on the producers? If he does not want to be assessed,

he would not be assessed? As it is set up now, he must make a personal demand for the refund.

Mr. CORTRIGHT. No, sir; we think that the producer has all of the protection that he needs or is entitled to under the refund provision of the bill. We think that the uniform collection is necessary if the program is to be operated effectively.

Mr. DOLE. I would point out to you that in Congress now we are talking about compulsion to join a union and not to join a union, as in section 14(b). I cannot see much difference in what you propose and what they propose.

Mr. CORTRIGHT. If you analyze it you can see a great, great amount of difference. We have been following these procedures where people in many, many areas of government, by a simple majority vote, impose the will of the majority upon the minority. I would suggest to you that in my area we have had drainage districts for years where a simple vote of a majority built a drainage district which was a needed improvement in an area without consideration of the other 49 percent. This is much more comparable with this type of thing than it is with your 14(b) thing.

Mr. DOLE. I am in sympathy with what you want to do. It might be the better part of wisdom to appropriate the money, rather than to tell the people that they must pay in, pay tribute.

Mr. CORTRIGHT. They must not pay tribute. They must have the money collected to eliminate the competitive factors; then if they want, they can obtain a refund.

Mr. DOLE. That is the same argument that the unions used.

Mr. CARTRIGHT. It is not comparable at all, in my judgment.

Mr. HAGEN of California. On page 2 of your statement, item 4, how would you suggest that language on page 12 of the bill be changed to clarify it?

Mr. CORTRIGHT. I filed with the counsel of the committee a statement. Do you have that, Mr. Heimburger?

Mr. HEIMBURGER. I do not have it with me, the language that they suggested.

Mr. CORTRIGHT. A package of them. I have simply not had the time to look through them closely.

Mr. HAGEN of California. It refers to two-thirds of the number or two-thirds of the production volume necessary to carry a referendum.

Mr. CORTRIGHT. It is to clarify that two-thirds of the volume of the people voting—that is what they are talking about—not two-thirds of the volume of the crop.

Mr. HAGEN of California. Either two-thirds of the number of voters or voters producing two-thirds of the volume of cotton could carry the referendum.

Mr. HEIMBURGER. The volume of the production represented in the referendum.

Mr. HAGEN of California. Correct. I do not know whether you can answer this question or not. The wool people have been putting on quite an attractive promotion campaign of late. Do you know whether that is producing any results? Maybe some of the industry people could answer that.

Mr. CORTRIGHT. I think that one of the industry people could answer that. I will call on Mr. Lipscomb.

STATEMENT OF ED LIPSCOMB, DIRECTOR, SALES PROMOTION, NATIONAL COTTON COUNCIL, MEMPHIS, TENN.

Mr. LIPSCOMB. I would say that it is too early to evaluate the results. They have been putting most of their promotion money on lamb and not wool.

Mr. HAGEN of California. They have got quite a promotional deal with that symbol of theirs.

Mr. LIPSCOMB. It has only been in operation just a few months.

Mr. HAGEN of California. So that you have not had time to check it?

Mr. LIPSCOMB. We have had no time, we have had no chance to check it. What they are doing or were doing before was not enough to do more than just cause a little ripple on the surface.

Mr. HAGEN of California. I would like to ask another question. For example, Du Pont which has one of these brand name synthetics, do they have tie-in with, for example, J. B. Stevens, we will say, on fabrics, or maybe with Lord & Taylor on dresses—and do they pay the whole cost of that advertising, or does J. B. Stevens Co. or Lord & Taylor pay for part of it?

Mr. LIPSCOMB. That works every way in the world. You can find as many different arrangements as you can find companies. The normal procedure is for the fiber manufacturer to pay one-half and the manufacturer to pay the other half.

What is hurting us even worse in magazine advertising is that the same thing is applied at the retail level. You see in your papers in Washington that they are full of synthetic fabric advertising.

Mr. HAGEN of California. And that will be in a given store?

Mr. LIPSCOMB. A given store, yes; and the chances are 9 to 1 that this is done on a 50–50 basis, with the fabric manufacturer and the retail store paying for it. We have none of that whatsoever in our cotton program.

As to the magazine advertising, it will vary greatly with each manufacturer.

Mr. HAGEN of California. Thank you.

Mr. CALLAN. Why do you give the Secretary of Agriculture the veto power over the actions that might be developed?

Mr. CORTRIGHT. My understanding is, and this would, of course, have to come from an attorney—this is necessary to provide the lawful expenditure of money that they participated in collecting.

Mr. CALLAN. Thank you.

Mr. STALBAUM. Have you seen Mr. Schnittker's statement that he filed with the committee?

Mr. CORTRIGHT. No, sir; I have not seen it.

Mr. STALBAUM. Primarily, on page 5 of that statement, and this is in the record—he points out that the bill as now drafted would provide that the obligation to pay the assessment technically rests with the producer, not with the buyer or the handler, and that there is a problem of collection. Under the present law it would have, in effect, gone to the producer, and he suggests some language here when the burden of collecting it would rest with the buyer, to pay him, and if you got into any legal problems, the collection would have to be made from the buyer. Having worked with marketing orders in other commodi-

ties I, personally, feel that this is an improvement. I urge your group to look at it with the thought that you might want to incorporate it to make it easier of enforcement.

Mr. CORTRIGHT. I am not an attorney, but our intent is that the producer pay, that the handler collect, and that the handler remit to the Cotton Board.

Mr. STALBAUM. That is correct, but the technical language now is such that if the producer does not pay then the Cotton Board would have, in fact, to go to each producer, whereas with a slight change in the language the obligation of collecting can be placed on the buyer, and if he does not collect he still has to pay it.

Mr. CORTRIGHT. We will, certainly, listen to the advice of the committee counsel on this.

The CHAIRMAN. Mr. Heimburger, will you make a note of that suggestion?

Mr. HEIMBURGER. Yes, sir; I am already familiar with it. We will consider it very seriously.

Mr. STALBAUM. One other question. I asked this question earlier, and the chairman said that I should refer it to you. So you know what is coming. That is the question on having two boards made up of representatives, in each instance from the same producer group basically, on a proportionate basis. I have been scratching my head since asking the question and I still cannot understand why you should have two boards.

Mr. CORTRIGHT. I can enlighten you to a degree if I may. The first is a quasi-governmental board. It is appointed by the Secretary from nominations made by the producer groups.

In addition thereto the Secretary, if he finds that a number of producers are not represented by these producer groups, he can make additional appointments. This is the board that represents Government and is responsible to the Secretary and appointed by him.

The other board is the board that initiates and develops and operates the program. It is selected solely by the producer groups themselves. The Secretary has no authority whatsoever in the appointment of the members of this board. This is to insure the tie-in and the enthusiastic belief that producers themselves are operating and initiating the programs to expend the moneys that they have put up.

Mr. STALBAUM. Actually, your point is well taken. I do want to point out for you and for the record that the Secretary does have some control in here because he certifies that the cotton producing groups from which this board shall gets its membership, and to that extent he has, basically, something to do with it.

Mr CORTRIGHT. He has criteria to go by written in the statute that he will certify if he finds they meet this criteria.

Mr. STALBAUM. Is this, Mr. Cortright, with the original board, too?

Mr. CORTRIGHT. Yes, sir.

Mr. STALBAUM. But you cannot deny that the membership of the original board—the Cotton Board—shall be composed of people coming from groups certified under section 14 of this bill which is, also, true of the second board.

Mr. CORTRIGHT. That is right.

Mr. STALBAUM. I still firmly believe and I throw this into the record at this point, that you will have a much better operating program if you would consider making this one board. I truly believe this.

Mr. CORTRIGHT. Our point is that the Secretary does have the authority to appoint the first board, the Cotton Board.

The second board he only certifies producer groups, and they themselves then select the membership of this board. The Secretary has no authority other than the certification of the group.

Mr. STALBAUM. Except that it is recognized that both are coming from the same cotton producing groups.

Mr. CORTRIGHT. Yes. And, again, the Secretary has additional authority on the Cotton Board that he does not have in this other board.

Mr. STALBAUM. Thank you very much.

The CHAIRMAN. Thank you very much, Mr. Cortright.

Mr. FINDLEY. I have a question, sir.

The CHAIRMAN. Very well.

Mr. FINDLEY. This committee has passed legislation intending to improve the income of the producers, and yet this program would take money out of the producers' pockets. It would cost him money. Since the enactment of cotton legislation about a year and a half ago, the cotton textile mills have had rising profits. Their profits have gone up steadily. Have you given consideration to having the mills finance this cost instead of passing it on to the producers?

Mr. CORTRIGHT. In my judgment, if you ask the mills to do this, it would drive them ever more rapidly to the use of substitute fibers, instead of to the use of cotton.

Mr. HAGEN of California. I want to ask you this question. I assume that these assessments are totally income tax deductible; in other words, the farmer can deduct them?

Mr. CORTRIGHT. Here, again, I am not an attorney, but it would be my assumption that they would be a cost of doing business. Advertising would be a legitimate cost of it.

Mr. HAGEN of California. How about requiring gins to participate in this? Have you given any consideration to that—not the textile mills, because your conclusion is quite valid about them, but how about some of these intermediaries in the cotton business, like the gins, who make money off of cotton and, presumably, would be better off with more cotton being sold.

Mr. CORTRIGHT. My feeling is that the producer has the primary interest in this. The producer wants to put up his money and he wants to control the program. If we had intermediary interests represented we would have to share control with them. We are not willing to do that. In addition the money paid by the gin would almost certainly be passed back to the farmer in the form of higher costs of ginning.

The CHAIRMAN. Thank you very much, Mr. Cortright.

Mr. BURTON. May I ask a question?

The CHAIRMAN. Yes.

Mr. BURTON. I understood you to say, Mr. Horne, that your nonfiber competitors are spending about $100 million a year in promotion.

Mr. HORNE. About $70 million in promotion and $135 million in research.

Mr. BURTON. As opposed to $6 million being spent by these allied groups in cotton.

Mr. HORNE. That is right. Altogether about $4 million on promotion.

Mr. BURTON. Suppose that this bill passed and that you raised another $10 million or $11 million, do you really think that this will solve the problem with those kinds of odds stacked against you? Suppose that added another $10 million to the $6 million, would that really do anything for you?

Mr. HORNE. We cannot tell you the exact amount of response that we will get, but we are completely confident, and we have had all kinds of evidence that the response would be out of proportion to the amount of response that we would get from that much money on synthetics. This provides the opportunity for productive research and promotion which is a very great need and is being neglected now. Relatively small amounts would have bigger leverage effect upon the market for cotton, because cotton sells from such a low base which you do not have in the case of synthetics.

Mr. BURTON. I was trying to figure out in my own mind how better off you would be in relation to your competition by spending maybe $17 million or $18 million as opposed to $6 million.

Mr. HORNE. Experience would be the only answer to that.

Mr. BURTON. Let me say this, we really do not have any assurance, do we, that some of these groups that are now spending money would not come back in if we passed this bill.

Mr. HORNE. The National Cotton Council, which is putting up this promotion money now would continue to do so in my judgment. Mr. Cortright has explained the relationship of the Cotton Producer Institute program to the proposal now before you

Mr. BURTON. The membership in the council and the institute is voluntary.

Mr. HORNE. Yes, sir.

Mr. CORTWRIGHT. Mr. Burton, let me point out one thing to you: We do not know exactly what we could expect in the way of results from this. We know that our competition is doing it, and they are being very successful with it. We feel that we must give it a try. This legislation has within it provisions for amending the order if the direction in which we are pursuing proves to be correct, so that we have complete authority in here to amend the order with further referendums to change the level of assessments. If it looks that more money was indicated and desired.

Mr. BURTON. We have the subject of wool which is in about the same position that you are in. I am sympathetic with your objective. I still have this question in my mind, however. I am just wondering what sort of impact you think that you could accomplish with this and what would stop the competition from raising the ante. According to what I have heard here this morning they are capable of doing that. What is to prevent them from cutting back on what they have to spend and saying, "Now that everybody is in on the act, we do not need to spend this much money," and maybe we would be right back where we are now. These are questions that are in my mind.

Mr. CORTWRIGHT. Obviously, nobody can tell what a voluntary proposal will be in the future.

The CHAIRMAN. If there are no further questions, thank you very much, Mr. Cortright.

EXCERPTS FROM REMARKS BY MR. ROBERT E. BROOKER, PRESIDENT, MONTGOMERY WARD BEFORE THE NATIONAL COTTON COUNCIL OF AMERICA, JACKSONVILLE, FLA.

Synthetic product marketing has provided $70 million for promotion, compared with $4 million devoted to cotton. The difference is even more significant when related to the respective market shares. Synthetic fiber manufacturers have spent $1,700,000 for market development of each 1 percent of market, while cotton spends $66,000 for each 1 percent of market to prevent market erosion.

Faced with these odds it is not difficult to understand why the fine promotion programs developed for cotton have not competed as effectively as they might have.

* * * * * * *

The manufacturers of competitive fibers have provided a constant stream of new developments and ideas to broaden the market appeal of the products made from the fibers they supply. The producers of the competitive fibers have been concerned with the handling of their product every step of the way—from the spinning until it is in the hands of the consumer whose satisfaction they guarantee.

Our research would indicate that synthetic manufacturers have capitalized on their innovation in fiber and in the esthetics they obtained by stressing the colors, the durability, the easy care which were predetermined as being desirable to the consumer.

* * * * * * *

* * * the most prominent marketing success stories of (your) competitors follow the same five steps: First, the needs of the consumer were determined through consumer research; second, close working relationships with the textile mills, cutters, and designers assured that the fiber was properly used and adequately promoted; third, close cooperation with the retailer provided technical guidance and promotional assistance regarding properties of the fiber in its end use; fourth, educational programs were directed at consumers to assure that they recognized the ability of the fiber to meet their needs and wants; finally, the existing properties were improved and new uses for the product were developed to broaden the market appeal of the products made from these fibers.

The synthetic fiber manufacturers have developed strong programs in each of the aforementioned areas. * * *

My appeal to you is to step up the cotton message to the (textile) producer and through him to the consumer. Why is this need greater today than it has been in the past? When the council was organized almost all of the fiber and textile industry was predominantly concerned with cotton. The proportion of the industry concerned exclusively with cotton has shrunk substantially. Much of this attrition has occurred in those parts of the industry that are closest to the consumer—the textile mill, the cutters, and the other manufacturers of consumer products. The competition has made major efforts to win the support of this part of the industry away from cotton in favor of competitive products. I strongly believe that you have the same opportunity through your plan to develop a modern marketing program for the cotton industry. * * *

Cotton has a lower cost than competition and it is important to maintain that competitive advantage. In many ways cotton has superior performance, but competition in synthetic manufacture has been able to muster technical know-how in the usage of product and direct product development to a known consumer demand or preference.

Match the efforts of competitors and technical help in consumer research and tell the story to the consumer through strong promotions and you will effect a marked improvement in demand for cotton.

The implementation of the programs which appear essential to your industry in order to increase the demand for cotton requires both money and well-developed marketing programs. The Cotton Producers Institute has already taken the first step to create the funds by proposing a uniform participation. I was glad to read in the paper of its successful adoption here of $1 a bale for all producers which will be devoted to these programs.

The challenge * * * is to provide a dynamic program to go with the money. Create demand for cotton that will hold your share of the market. When

through product development with the processor you hold your share of the market, your tonnage will increase with expansion of the population and the growth of the standard of living. Increased tonnage will benefit the economy of the cotton industry and each of the constituents represented here today.

The CHAIRMAN. I want to ask unanimous consent to insert into the record at this point the communication from Mr. H. Wesley McAden of the American Cotton Compress & Warehouse Association, a letter dated February 8, 1966.

(The letter dated Feb. 8, 1966, follows:)

AMERICAN COTTON COMPRESS & WAREHOUSE ASSOCIATION, INC.,
Washington, D.C., February 8, 1966.

Hon. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This association, comprised of owners and operators of cotton concentration warehouses, located in both interior and port points, appreciate very much this opportunity to be heard in support of H.R. 12322, Cotton Promotion and Research Act.

First, we wish to commend the Cotton Producers Institute for taking the initiative in developing and proposing this program, because we believe that it is a very significant indication of their determination to regain and expand both the foreign and domestic markets for American cotton.

Second, we wholeheartedly support their premise that the future well-being of U.S. cotton will depend to a very large extent on the effort and resources the industry is willing to invest in research and promotion today.

Third, we believe that all parties interested in maintaining and expanding the production of raw cotton in the United States have an obligation to support the efforts of any segment of the industry that are consistent with that objective.

In conclusion, we recognize this as a major effort on the part of cotton farmers to help themselves, and we respectfully urge the favorable consideration of this proposal by each and every member of this very distinguished committee.

Yours very truly,

H. WESLEY MCADEN,
Executive Vice President.

The CHAIRMAN. It is now 12:25 o'clock. The House is in session. We have numerous other witnesses yet to be heard. And they are scheduled to be heard today. We have a full list of witnesses for tomorrow. We will come back here at 3 o'clock this afternoon and resume the hearings.

We will recess now until 3 o'clock.

(Whereupon, at 12:25 p.m., the committee recessed to reconvene at 3 p.m. the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will please be in order.

We will proceed with the call of the witnesses we have listed here.

Mr. Hervey Evans, Jr., we are very glad, Mr. Evans, to have you with us, and we will be very glad to hear from you now.

STATEMENT OF HERVEY EVANS, JR., CHAIRMAN, COTTON PRODUCERS INSTITUTE STEERING COMMITTEE FOR NORTH CAROLINA

Mr. EVANS. Thank you very much, sir.

Mr. Chairman, gentlemen, my name is Hervey Evans, Jr., from Laurinburg, N.C. I am a cotton producer, a cottonseed breeder, a cotton ginner, and have interests in other types of cotton handling

and processing business. I am serving as the chairman of the CPI Steering Committee in North Carolina and am also president of Cotton Council International, an organization that is engaged in coordinating cotton promotion programs in 16 foreign cotton consuming nations. I am appearing today in my capacity as CPI chairman in North Carolina.

It has been well established in previous testimony that thoughtful and responsible cotton growers know they must have a vastly larger program of research and promotion and are willing to pay for it.

Our growers in North Carolina are no different. We were one of the last States to initiate CPI on its planned time schedule, but support for its program has been excellent wherever it has been introduced.

Our problem is the vast number of small growers and the prohibitive costs of reaching them through meetings or other means. We know from previous experience with other agricultural commodities in our State that the big majority of all growers will support worthwhile programs of self-help if a mechanism like that embodied in H.R. 12322 is employed. We already have a North Carolina Cotton Promotion Association which the growers in our State organized to help promote the cotton industry in North Carolina. For a number of years, such programs have also succesfully operated within our State on tobacco and on peanuts.

The basic principles found in this enabling legislation have been carefully considered by all of the producer organizations in North Carolina that represent cotton growers. These are the North Carolina Cotton Promotion Association, North Carolina Farm Bureau Federation, North Carolina State Grange, and the North Carolina Cotton Cooperative Association. I am happy to say that these groups are backing the proposal. It has also received the endorsement of the Carolinas Ginners Association and other handler-processor groups.

Mr. Cooley's release announcing the introduction of this bill stated he was proud to sponsor this rather unusual piece of farm legislation—one that the taxpayers will not be called upon to pay for. We are proud of it for the same reason and being from North Carolina, we are especially proud our distinguished fellow North Carolinian is sponsoring such an act.

In closing, I can't stress too strongly the urgent need for this program to go into effect with the 1966 crop. Even one year's delay will cost us cotton markets and cotton acreage that will be difficult, or even impossible, to recover. I haven't talked to a single cotton farmer in our area who doesn't agree that we need to find an effective way to raise the research and promotion money so desperately needed to be able to stand up against our synthetic fiber competition.

Mr. Chairman, I would like permission also to read into the record a statement that I was asked to put on record by Mrs. Harry B. Caldwell, who is the Master of the North Carolina State Grange.

The CHAIRMAN. Without objection, you may include it in the record.

Mr. EVANS. I read her statement as follows:

Mr. Chairman and members of the committee, we appreciate your interest in the problems confronting cotton farmers and the entire cotton industry. Failure to find satisfactory solutions will have serious economic repercussions throughout the entire Cotton Belt.

Cotton producers are fighting for survival. Action by the Congress to make cotton fiber more competitive with synthetics and thus more acceptable to the mills while at the same time protecting the incomes of producers, whose labor and investment incomes are among the lowest in the Nation was a step in the right direction, but it is not enough.

There is an urgent need for an expansion of all research and promotion programs if disaster is to be avoided. We believe that production costs can be substantially reduced, quality improved and markets, domestic and foreign, expanded so that producers, consumers and the Nation will benefit from well organized and adequately financed programs. It is our hope that the Congress will provide funds to support these activities.

We come before you today in support of H.R. 12322, a bill to enable cotton producers, by referendum, to assess themselves $1 per bale for research and promotion activities. The Grange, both State and National, supports self-help producer programs of this kind because we have found this to be the only means for securing general support. In North Carolina, this procedure has been successfully used for many years in the "Nickels For Know-How" program to support the Agricultural Foundation at North Carolina State University, and special programs for the support of Tobacco Associates, Cotton Promotion Association, Peanut Growers Association, and other commodity groups.

The provisions in the bill pending before this committee are similar to the laws enacted in the past by the North Carolina Legislature at the request of the North Carolina State Grange and other producer organizations.

Furthermore, farmers have been voting since 1938 in referendums on farm programs so that they are familiar with the principles involved.

The bill, H.R. 12322, provides that all funds collected would be used for research and promotion. It contains other safeguards providing that farmers who do not desire to participate may obtain a refund of the money paid in, that 10 percent of the farmers voting in the initial referendum may call for a new referendum to determine if the program is to be continued and that no substantial changes could be made in the original program without two-thirds approval of the farmers.

The Grange believes that a self-help program for cotton farmers will be a factor in stabilizing the national economy. We urge the immediate passage of this bill so that growers by referendum may have the opportunity to accept or reject the program.

That concludes the statement by Mrs. Caldwell.

The CHAIRMAN. We thank you very much, Mr. Evans. Mrs. Caldwell is well known to all the members of this committee. She is held in high esteem by all of us. I regret she is not able to appear in person.

I apreciate your presenting the statement on her behalf.

Mr. EVANS. Thank you, sir.

I would like also to make several other comments, if I might.

The CHAIRMAN. Yes, sir.

Mr. EVANS. This matter has been brought up in both North and South Carolina before the Farm Bureau Federation of those respective States. Resolutions have been passed by those respective State Farm Bureau Federations in favor of this type of legislation and if I may, I would like to read their resolutions into the record.

The CHAIRMAN. Yes, sir.

Mr. EVANS. In November 1965, in North Carolina, at the annual Farm Bureau meeting we passed this resolution:

We favor national enabling legislation to permit grower assessments to step up research and promotion.

Now, in South Carolina, also in November 1965, the following resolution was passed:

We recommend and support the development and enactment into law of appropriate enabling legislation to provide for a grower referendum to determine

grower preference on cotton research and promotion assessments, and subsequently establish uniform collection procedures if needed.

Now, sir, I would like also, with the committee's permission to make a couple of other comments as regards questions which were brought out this morning in the testimony.

The question was raised, I believe, by Mr. Findley, as regards the voluntary provision in the bill. As I remember the question it was if this was a voluntary program, why not eliminate in the beginning those who wished not to participate, rather than go through the uniform collection procedure.

Now, I am a cotton farmer and also a ginner, and I think I have got a pretty clear understanding as to what is involved competitively and otherwise with this type of program as it affects the people in my area, and I would like to speak to this.

In the first place, if you would consider what would be involved administratively in his proposal, I think it would be administratively an enormous problem to separate in the normal marketing of the cotton crop those bales which would be identified with people who elect not to participate in a collection program and those who would.

Administratively, it's much more feasible to have a uniform collection and then let the man who does not want to participate apply for his refund.

Now, just on the grounds of administrative feasibility alone, I think that is adequate justification.

But really more importantly, I think the competitive nature of the thing dictates that we have a uniform collection procedure.

With the reduction in acreage which is taking place all over across the belt this year, due to the new cotton bill, competition among the handlers of cotton is going to be greater than ever before. Any device which could be used at any level of handling to create a competitive advantage would be used by the handlers. The temptation would be too great. And we feel that the only way to remove this obstacle is to have uniform collection procedure, so that it no longer is a competitive factor in any sense, and then let the voluntary provision operate by the grower requesting a refund if he is not satisfied.

We think it has one further advantage—that in effect this is a self-policing program and the cotton farmer himself is not going to participate unless it is a well administered program, and this is one of the major things that we think is involved in this act.

Now, we feel that if we can have a uniform collection program, this bill will work fine. If we do not have a uniform collection program, we feel that we are just back in the same position we are in right now, which is the situation where competition just won't let us collect the money we need to do this promotional program might as well not be before this committee asking for this legislation in the first place.

I don't want to in any way minimize the importance of that, sir, and I think that is an extremely important point.

Another point that I would like to address myself to, sir, has to do with the adequacy of the funds in this legislation.

One of the questions raised this morning had to do with whether this $12 million or so that was raised by this legislation would be sufficient to do a good job in competing against the enormous amounts of money that are being spent by the synthetic fiber producers.

What we have to go on is a good bit of experience in this, through our previous work with the National Cotton Council and the Cotton Producers Institute.

Throughout promotional programs, even though they have been limited with these two organizations, we have been able in nearly all cases to at least double the funds that we have available by cooperative campaigns with industry groups.

We feel that we can do so also in this situation, and so we feel that we are talking not about $12 million in actual fact, but we are talking about a market impact of about $25 to $30 million. And with this we think we can really make a significant impact.

Now one other thing I think needs to be kept in mind along this line, and that is that at the present time the synthetic fiber producers are not only trying to create primary demand for synthetic fibers, but they are also trying to create secondary demand for their specific product. That is to say, Du Pont is competing with Dacron against Eastman Kodak's Kodell, and they are in turn competing against Fortrel, and so forth. So there's a lot of competition between the synthetic fiber producers which does not really affect the primary demands.

In our case we are producing one fiber, we are promoting one fiber, and we can make a significant market impact with that.

Thank you very much, sir.

The CHAIRMAN. We thank you very much, Mr. Evans.

The next witness is Mr. Jack Funk, chairman of the Cotton Producers Institute Steering Committee for Lower Rio Grande Valley, Tex.

We are glad to have you.

STATEMENT OF JACK FUNK, CHAIRMAN, COTTON PRODUCERS INSTITUTE STEERING COMMITTEE FOR LOWER RIO GRANDE VALLEY, TEX.

Mr. FUNK. Thank you, Mr. Chairman, and members of the committee.

My name is Jack Funk. I am a cotton producer and ginner from the Lower Rio Grande Valley of Texas, living at Harlingen, Tex. I am also chairman of the Cotton Producers Institute in the valley and am currently serving on the board of trustees to the Cotton Producers Institute. My purpose in being here is to testify as a cotton grower and ginner in support of H.R. 12322.

The lower Rio Grande Valley is comprised of four counties and produces nearly a half million bales of cotton a year. The valley is recognized as a major cotton producing area. I am happy to report that the CPI program has been well received in the valley and the progressive producers are enthusiastic about supporting a self-help program of research and promotion for cotton. Due to our high costs of production in the valley where losses from insects and diseases are very heavy, growers realize the need to supplement USDA and land-grant college research to get at these high costs.

As valley chairman for CPI, I have probably pushed this program harder at my gin than most. I collect from all my customers and then refund to those who do not wish to pay. In the first year, I had only

one request for a refund and this was on a landlord's share. Incidentally, this landlord now contributes to CPI, after learning about the merits of the program.

In spite of the growers' acceptance of this worthwhile program, we are experiencing a gradual decline in revenue due mainly to the lack of a uniform collection procedure and complacency on the part of some of our ginners. Frankly, gentlemen, the dollar a bale is too competitive at the gin level unless all gins attempt collection. For this program to continue in the lower valley for another year, we must establish a uniform collection procedure.

I am a past president of the Texas Cotton Ginners Association, which passed a strong resolution supporting a referendum approach to the collection of CPI funds. This association, which is the largest of its kind in the Cotton Belt, took the position for two basic reasons:

First and foremost in our minds as ginners, we recognize that we can't process cotton unless farmers grow it, and farmers can't grow it unless more is sold. This means new and better cotton products and a lot more advertising and promotion.

Secondly, without a uniform collection procedure, an undesirable competitive situation is created between gins.

There is no question about the need for this legislation. We in the valley begin planting cotton this month, and in order for it to apply to this year's crop, we urge speedy passage of this bill.

I appreciate the opportunity of presenting the view of cotton farmers and ginners from the valley on this important proposal to the members of this committee.

Thak you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Funk—a very well prepared statement.

Our next witness is Mr. Don Anderson, member of the Cotton Producers Institute Steering Committee, High Plains area of Texas.

STATEMENT OF DON ANDERSON, MEMBER OF COTTON PRODUCERS INSTITUTE STEERING COMMITTEE, HIGH PLAINS AREA OF TEXAS

Mr. ANDERSON. Thank you, Mr. Chairman.

My name is Don Anderson. I am a cotton grower from Crosbyton on the South Plains of Texas, and have an interest in two cotton gins in Crosby County. I have been serving on the Cotton Producers Institute Steering Committee for the plains area since 1961. I also am vice president of the Plains Cotton Growers Association—an area organization with 20,000 members—and am chairman of the Boll Weevil Committee for the High Plains. I am appearing before you in my official capacity with the Cotton Producers Institute.

In 1961 the program of the Cotton Producers Institute was initiated in our area. In that first year, we conducted 198 educational meetings in our 23-county area. At these meetings we signed over 5,000 of our largest cotton growers on individual agreements that requested their respective gins to deduct $1 per bale for the Cotton Producers Institute. These 5,000 agreements covered over 850,000 bales, and were signed in good faith. However, we learned that when the gin yards get covered up with cotton, and our gins go on a 24-hour basis the

help in the gin offices either could not or would not take the time to go down a list and deduct the $1 a bale from those growers who had signed agreements. This resulted in collections of only $278,000 that first year.

The next year we used a different approach and partially corrected this problem. It was to get gins in a given competitive area to uniformly deduct the $1 a bale from all their customers, and then refund to those who did not wish to pay. Although all gins did not agree to do this, at one point over a million dollars was collected following this procedure. But then a few of the gins started refunding this money as a means of price cutting. Once this was started in some communities, it spread like wildfire because our gins are highly competitive. The end result was that refunding left us with only $425,000 of CPI income on the plains in the second year.

In our third year we attempted to follow this same approach, but learned from the previous year's experience that too many of our gins had lost confidence in what their competitors would do on this matter, and our collections dropped back below the first year's level.

In the fourth year, in order to save the whole CPI effort, the cooperatives in our area agreed to collect and remit the dollar a bale on all the cotton they handled. This pushed collections up to almost $800,000, but in order to do this the cooperatives found they had to collect at some point other than the gin because of the competitive situation mentioned previously. Their collections were actually made through the regional cooperative oil mill; marketing association and compressed.

It is my understanding they agreed to do this for only 2 years, to provide time for working out some sort of uniform collection procedure. This means that the crop we have just finished ginning is the last one on which this type of collection will be in effect.

I would like to cite our experience with the boll weevil program in West Texas as further proof cottongrowers can and will put up their own money to help themselves when the need arises and if a uniform collection procedure can be established.

I believe most of this committee is familiar with the fact that 2 years ago the boll weevil moved up on the Caprock for the first time, and some heavy infestations became established. To meet this threat, the cottongrowers in the area agreed to put up 50 cents a bale to help carry out the most massive control program of this type ever attempted. We profited by our earlier experience with CPI, however, and established a uniform collection procedure whereby these funds would be collected at the compress. Even though refunds were provided for, participation in this program exceeded 95 percent and has been eminently successful in every respect. In my judgment the Cotton Producers Institute program can reach a similar level of participation, but only through this enabling legislation which will provide the mechanism whereby cottongrowers can establish a uniform system of collections.

Thank you.

The CHAIRMAN. Thank you very much, sir. We are glad to have your statement.

The next witness is Mr. J. Russell Kennedy, executive committee, Cotton Producers Institute.

We are glad to have you, Mr. Kennedy.

STATEMENT OF J. RUSSELL KENNEDY, EXECUTIVE COMMITTEE, COTTON PRODUCERS INSTITUTE

Mr. KENNEDY. If I may say something to the chairman off the record.

(Discussion off the record.)

Mr. KENNEDY. My name is Russell Kennedy, of Bakersfield, Calif. I am general manager of Calcot, Ltd., a grower-owned organization engaged in cotton marketing and warehousing in California and Arizona. I served on the original beltwide producer committee that initiated the Cotton Producers Institute and subsequently have served on the California steering committee for CPI and as a CPI trustee and member of the trustee executive committee since the first board was established in 1962. I cite this to establish that I have had varied experience in all phases of this movement from the very beginning.

My position as general manager of Calcot has provided me with a better opportunity than most to understand how cottongrowers feel about this type of self-help program and also to understand the need for greatly accelerated research and promotion efforts if American cotton is to survive as a major industry.

We market a large volume of cotton for our 4,000 members and maintain close contact with the spinning mills where cotton must first compete with manmade fibers. This provides us the opportunity to see very clearly the nature of cotton's competition with other fibers and to understand some of the things cotton must do if it is to meet this competition. In my opinion, our greatest need today is for product development research, and for promotion.

Our recent experience with permanent press is a real good example of why I say this. Two years ago, research initiated and financed by the Cotton Producers Institute provided a breakthrough that opened the door to the first commercial permanent-press fabrics. That year one company made and sold over 2 million pairs of permanent-press trousers made with 100 percent cotton. They were an excellent product except for one weakness and that was reduced abrasion resistance. To overcome this problem, manmade fibers were blended with cotton and last year these blended trousers captured the bulk of the market. As soon as cotton's shortcoming became apparent, the board of trustees for CPI concentrated more of its research funds toward solving cotton's abrasion problem. These efforts have resulted in solid progress within the last few months. We have been most gratified to learn that 13 different companies have announced they will manufacture and market new types of all-cotton permanent-press fabrics and garments during 1966. But still further improvement is needed for cotton to compete successfully in some important permanent-press uses, and since the synthetic and blend products themselves will undoubtedly be improved, our research efforts on cotton should be increased sharply. And certainly it goes without saying that if cotton is to take full advantage of the development, large sums of promotion and advertising money will have to be thrown behind it. We must do this because permanent press has already become the most important textile development in a great many years.

California and Arizona cottongrowers believe in this type of self-help program. These two States have contributed about half of the money raised by CPI since it was initiated. Eighty-five percent of

Calcot's members have been participating through their respective cooperative gins. Many other company-owned and independent gins have had equally good records. Unfortunately, many others have not and we have lost ground in each of the last 2 years. There is now general agreement among most of our growers that they will not continue to put up their money unless the rest of the Cotton Belt strongly participates. This is possible only with a uniform collection procedure.

The drastic acreage reduction which is to go into effect with this year's crop has convinced farmers they are in serious trouble and I firmly believe they are more willing than ever to spend their own money for research and promotion. But because of the competitive problems that have been created through not having a uniform collection procedure, our fundraising will continue to go downhill rapidly in this period of greatest need. We must have greatly expanded research and promotion if cotton is to survive and we must have H.R. 12322 to accomplish this goal.

The CHAIRMAN. Mr. Kennedy, thank you very much for this very fine statement. I am sure it will be carefully considered by all the members of this committee before final action is taken.

Mr. HAGEN of California. Mr. Chairman, I would like to ask one question either of you or Mr. Kennedy.

Why was this originally put in here:

no such advertising or sales promotion program shall make use of false or unwarranted claims on behalf of cotton or products or false or unwarranted statements with respect to the quality, value or use of any competing product.

That seems a little bit restrictive.

Mr. KENNEDY. Is that in the act?

Mr. HAGEN of California. That's in the bill.

Mr. KENNEDY. Well, that's what you have to swear to when you go on the air with a television program, so I suppose they are just nailing it down.

Mr. HAGEN of California. It is pretty general language. I thought it might be unduly restrictive.

Mr. KENNEDY. Maybe the committee will take that out if they think it is, and the lawyers don't think it's necessary.

Mr. Chairman, may I add another statement or so?

The CHAIRMAN. Yes, sir; go right ahead.

Mr. KENNEDY. In the West there has been considerable activity among some of the growers' organizations in connection with this whole program. Here is a resolution passed by the California Farm Bureau in December of 1965, resolution No. 126, which reads as follows:

We support the Cotton Producers Institute program in order to establish a permanent research and market development program designed to insure American cotton its fair share of world trade, to develop new cotton products and uses for cotton products, and to provide for adequate cotton reserach. Special commodity programs: Any commodity should have the democratic right to vote in a referendum within their commodity, to bind themselves together for promotion programs, and/or a marketing order, unless by specified policy statement they have requested otherwise.

Now, here is a statement by the Arizona Farm Bureau of November 1965.

We reaffirm 1965 policy No. 27 which reads: "The long range resolution to the problems confronting the cotton industry lie in research to increase the efficiency

of production and research to improve products from cotton, and a hard hitting promotion program to increase the sale of these improved cotton products."

The Cotton Producers Institute is a voluntarily financed mechanism to channel grower funds solely into these research and promotion efforts. Therefore, the Arizona Farm Bureau Federation reaffirms its endorsement of the Cotton Producers Institute and urges every cotton farmer in Arizona to support this self-help effort.

New Mexico passed a resolution at the farm bureau—passed a very strong resolution endorsing this action which has now been taken by the introduction of this bill 100 percent, and so did the El Paso Valley Cotton Growers.

Since I was reporting for the West, I thought that those things should be in the record.

The CHAIRMAN. We appreciate your appearance and the statement that you have made. We are glad to have the benefit of the information just presented to the committee.

If there are no questions, I will call next Mr. Lon Mann, member of Cotton Producers Institute Steering Committee for Arkansas.

I will recognize Mr. Gathings from Arkansas at this time.

Mr. GATHINGS. Mr. Chairman, it's a pleasure to welcome Mr. Lon Mann here today. He has rendered unselfish service over the years to the people of the State of Arkansas.

The name of Mann in Arkansas means something. I knew his grandfather who was a landowner and operator of an oil mill. I knew his dad mighty well. He was a farmer and a leader from the start in the soil conservation management service as a district supervisor in the first eastern Arkansas organizations. Mr. Mann is an outstanding citizen.

The CHAIRMAN. Thank you very much, Mr. Gathings. I want to join with Mr. Gathings in extending you a very cordial welcome to the committee.

STATEMENT OF LON MANN, MEMBER OF COTTON PRODUCERS INSTITUTE STEERING COMMITTEE FOR ARKANSAS

Mr. MANN. Thank you, gentlemen. I appreciate the opportunity to appear here and I appreciate Took's remarks. I will try not to embarrass Took while I am here in Washington.

My name is Lon Mann. I am a cotton farmer and cotton ginner of Marianna, Ark. I am past president of both the Agricultural Council of Arkansas and the Arkansas-Missouri Ginners Association. CPI was initiated in Arkansas in 1962 and I have been serving on the Arkansas steering committee since that time.

My purpose in being here is to testify as a cottongrower and member of the Arkansas CPI steering committee in support of H.R. 12322. I feel my views also represent thousands of other Arkansas cotton farmers who are members of the two largest producer organizations in our State—the Agricultural Council of Arkansas and the Arkansas Farm Bureau Federation. Both of these organizations have strongly endorsed the need for greatly increased funds for cotton research and promotion paid for and controlled by growers and the need for a uniform collection method.

In Arkansas, just as in other Cotton Belt States, we are deeply concerned with the critical situation our economy faces as a result of reduced cotton acreage this year. As our acreage and volume go down,

our unit costs go up. The incomes of all of us as cotton growers and processors, as well as our suppliers, financial institutions, and other businesses, are certain to be seriously affected. Our cotton economy must be geared to expanding markets and acreage if it is to be efficient and prosperous.

We appreciate the assistance the Government is providing growers while we work out from under our burdensome cotton surplus. At the same time, I am fully convinced that growers should and will accept more responsibility for carrying a greater share of the load for market expansion. In the final analysis, stronger programs of product development and promotion as well as research to reduce costs are the only permanent solutions to our problem.

In urging passage of this legislation, all we are really asking is to provide a mechanism that will let growers decide whether they want to put up their own money to help themselves. It is difficult for me to see how anyone can seriously oppose this kind of proposition, especially if they know anything about cotton's critical need for research and promotion and understand that growers can secure a refund if they so desire.

Our experience with CPI in Arkansas to date has convinced me that the vast majority of growers understand the situation facing cotton and are willing and ready to do more to help themselves. Even those growers who have not been participating in the present type of finance plan have indicated they are ready to pay their part if a collection system can be devised whereby all growers are given a positive opportunity to participate. They know, as we know, that with a uniform collection system, the big majority of growers will carry their part of the load.

Mr. GATHINGS. Mr. Chairman, a letter came to me a few days ago from Mr. R. E. L. Wilson III, and I have given it to Mr. Mann. I would like to ask that he read that letter to the committee.

The CHAIRMAN. Yes, sir. You may proceed, Mr. Mann.

Mr. MANN. Thank you, sir.

Hon. E. C. GATHINGS,
House of Representatives,
House Office Building,
Washington, D.C.

DEAR TOOK: The Cotton Producers Institute was initiated in Arkansas in 1962. It previously had been started in California, Arizona, New Mexico, and the plains area of Texas in 1961. Before we were able to present the program to cotton farmers, it was necessary for the cotton producer organizations in Arkansas to approve this action and appoint appropriate committees to conduct the program. In our State, it was approved by the Agricultural Council of Arkansas and the Arkansas Farm Bureau, and they asked a small group consisting of R. S. Barnett, Jr., Harold Ohlendorf, Nick Rose, Max Miller, Lon Mann, Otis Howe, Vernon W. Scott, and myself to appoint an appropriate committee and empower this committee to initiate and conduct the program. This was done, and you see by the names on this letterhead the outstanding cross section of cotton producer leaders that originated and continues to guide and support our activities.

Each member of this steering committee secured four or five additional outstanding cotton farmers in their respective counties, and brought them together in a statewide meeting to establish a founders committee of nearly 200 growers. These growers, in turn, established county and community committees in their respective counties, and conducted countywide meetings and community meetings where required. At each of these meetings a 2-hour program was presented in which cotton's competitive situation on price, research, and promotion was thoroughly explained, as well as the needs and opportunities to raise urgently needed funds to finance a self-help program of research and promotion.

I have gone into this detail on our own State as an example of procedure followed for the entire Cotton Belt. This was done in practically all of the cotton-producing States during the years 1961–65. To indicate the scope of producer organizations' acceptance, I am attaching a list of organizations which by official action approved the need for and concept of the Cotton Producers Institute, and authorized its organization in their respective States. During the past 5 years more than 2,000 invitational meetings of key cotton farmers have been conducted in the various cotton-producing States, and attended by more than 100,000 cottongrowers. Because of the backing of practically all of the producer organizations, growers in attendance at these meetings have given practically unanimous acceptance to the Cotton Producers Institute. We are proud that this is the most extensive and successful educational activity ever conducted by any agricultural group.

As you have heard mentioned on many occasions, our only roadblock has been the absence of some mechanism through which a uniform collection procedure can be established. We need a system that will reach every cotton farmer and thereby eliminate the competitive factor between processors where some are collecting and some are not.

We feel that this can be accomplished through the bill designated as H.R. 12322 now being considered by the House Agricultural Committee, and hope you will let us know if we can furnish additional information.

As you know, I am chairman of the CPI Steering Committee in Arkansas, and have been elected by the participating growers to the board of trustees, which is the governing body of the Cotton Producers Institute, and am a member of its executive committee.

Sincerely,

R. E. L. Wilson 3d.

Farm Organizations That Approved Cotton Producers Institute

CALIFORNIA

California Farm Bureau
California State Grange
Calcot, Ltd.

ARIZONA

Arizona Cotton Growers Association
Arizona Farm Bureau

NEW MEXICO

New Mexico Farm and Livestock Bureau
Artesia Alfalfa Growers Association
New Mexico Pecos Valley Cotton Farmers Association

TEXAS

El Paso Valley Cotton Association
Plains Cotton Growers Association
Plains Coops
Texas Farm Bureau
Trans Pecos Cotton Association
Texas Federation of Coops
Texas Cotton Growers Cooperative Association
Texas Planting Seed Association
Southwestern Irrigated Cotton Growers

OKLAHOMA

Oklahoma Farm Bureau
Oklahoma Cotton Cooperative Association

MISSOURI

Missouri Cotton Producers Association
Missouri Farm Bureau

ARKANSAS

Agricultural Council of Arkansas
Arkansas Farm Bureau

LOUISIANA

Louisiana Farm Bureau

TENNESSEE

Tennessee Farm Bureau
Mid-South Cotton Growers Association

MISSISSIPPI

Delta Council
Mississippi Farm Bureau
Mississippi Federation of Cooperatives
Staple Cotton Cooperative Association

ALABAMA

Alabama Farm Bureau

GEORGIA

Georgia Farm Bureau
Cotton Producers Association

SOUTH CAROLINA

South Carolina Farm Bureau
South Carolina State Grange

NORTH CAROLINA

North Carolina Farm Bureau
North Carolina State Grange
North Carolina Cotton Cooperative Association

The CHAIRMAN. We thank you very much for your appearance and the information you have given the committee. I am sure it will all be very carefully considered.

Mr. MANN. Mr. Chairman, if I may I would like to make just another comment or two, please, sir.

I have been active with some of the Midsouth organizations, and I feel that I know the sentiment of some of the other organizations in the Midsouth area. I would like to read the resolutions passed by the Arkansas Farm Bureau in November as relates to CPI:

> We consider the Cotton Producers Institute a worthwhile and needed organization. We would therefore consider any reasonable proposal that would bring all producers into the organization.

In July of 1965 the Louisiana Farm Bureau at their annual meeting passed this resolution with regard to CPI:

> We urge the cotton board of the Cotton Producers Institute to formulate plans to enable CPI to be assured of adequate financing through some uniform collection plan.

I would like to also add that the Delta Council of Mississippi has endorsed this program.

Thank you, sir.

The CHAIRMAN. I thank you, sir. I want at this time to compliment our distinguished colleague from Arkansas, chairman of the Cotton Subcommittee of this Agriculture Committee. I don't know of anyone in Congress who is more intensely interested in the welfare and happiness of cotton farmers than your own E. C. Gathings. He is faithful, and he is diligent, and he has been a real leader. I am delighted to have you here and to have you see him in action.

Mr. MANN. Thank you, sir.

The CHAIRMAN. Thank you very much.

I ask unanimous consent to put in the record at this point a letter signed by Mr. Jack Gibson, president of the Agriculture Council, Arkansas.

(The letter referred to follows:)

AGRICULTURAL COUNCIL OF ARKANSAS,
West Memphis, Ark., February 4, 1966.

Hon. HAROLD D. COOLEY,
Chairman, House Committee on Agriculture,
Washington, D.C.:

This statement is submitted on behalf of the Agricultural Council of Arkansas whose members are located in the State's delta counties which produce approximately 800,000 bales annually. The council has been promoting Arkansas agriculture since 1939 and almost all of its members are cotton farmers.

Arkansas, at the latest census, was about half rural and half urban. Cotton is the State's most important crop. Arkansas farmers earned an average of approximately a quarter of a billion dollars annually from lint and seed during the years 1958–64. The total economy of the State of Arkansas is closely related to cotton's prosperity.

Agricultural Council of Arkansas members are more aware than most of the importance of cotton to the economic potency of Arkansas. As a result of this awareness and because of the critical competitive battle faced by the cotton industry, our council was in the forefront in initiating the Cotton Producers Institute in Arkansas in 1962. Because of problems brought on by the lack of uniform collection procedures under the present method of financing the CPI program, council members at their December 6, 1965, annual meeting, passed the following resolution:

AGRICULTURAL RESEARCH AND PROMOTION

It is our opinion that the future of the cotton industry will be determined by its ability to lower the cost of promotion, improve quality, and expand markets, and that research and promotion are the means of accomplishing these objectives. We feel that the Cotton Producers Institute represents the most effective medium through which cotton farmers can work toward these objectives. In order that the CPI might stabilize its finance plan and raise the necessary funds, we recommend and support the development and enactment into law of appropriate enabling legislation to provide for a grower referendum to determine grower preference on cotton research and promotion assessments and subsequently establish uniform collection procedures.

We favor passage of H.R. 12322 as it allows growers to decide for themselves if they wish to make cotton more competitive with the synthetic fibers in the fields of research and promotion.

We wish to commend the committee chairman for sponsoring this necessary legislation. Our thanks go to the House Committee on Agriculture for its prompt consideration of this bill. We also strongly urge final passage of H.R. 12322 as early as possible so that growers may take proper action to raise research and promotion funds before the 1966 harvest season.

Sincerely yours,

JACK GIBSON, *President.*

The CHAIRMAN. That concludes the list of witnesses to be heard today. Since we have about 10 or 12 listed for tomorrow, and we are going to have a busy session in the House tomorrow, I wonder if someone here on the list for tomorrow would not like to come up now and testify. We have Mr. Schuman, Mr. Randolph, Mr. Hays, Mr. Grant, Mr. Stevens, Mr. Munn, Mr. York, Mr. DeVaeny, and also Mr. Reuben Johnson, and Mr. Harry Graham.

Anyone here like to testify right now? We may be pressed for time tomorrow.

If no one wishes to be heard at this time, we will stand adjourned until 10 o'clock tomorrow.

(Whereupon, at 4 p.m., the hearing was recessed until 10 a.m., Wednesday, February 9, 1966.)

COTTON RESEARCH AND PROMOTION PROGRAM

WEDNESDAY, FEBRUARY 9, 1966

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to recess, at 10:10 a.m., in room 1301, Longworth House Office Building, Washington, D.C., the Honorable Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Gathings, McMillan, Abernethy, Jones of Missouri, Hagen of California, Purcell, Olson, O'Neal, Foley, Stalbaum, de la Garza, Vigorito, Redlin, Callan, Dague, Belcher, Teague of California, Findley, Burton of Utah, and Polanco-Abreu.

Also present: Martha Hannah, staff; Hyde H. Murray, assistant clerk; John J. Heimburger, counsel; and Francis LeMay, consultant.

The CHAIRMAN. The committee will be in order, please.

We are very glad to have with us Mr. Charles B. Shuman, president of the American Farm Bureau Federation. We welcome you here and we will be glad to hear from you now.

STATEMENT OF CHARLES B. SHUMAN, PRESIDENT, AMERICAN FARM BUREAU FEDERATION

Mr. SHULMAN. Thank you, Mr. Chairman and members of the committee.

On behalf of the American Farm Bureau Federation, which represents 1,677,820 paid-up member families in 49 States and Puerto Rico, I want to express my apreciation for the opportunity to appear before this committee with respect to the provisions of H.R. 12322.

Farm bureau is a voluntary, nongovernmental organization wholly controlled by its members. It is financed by membership dues. It is organized to provide a means through which farmers can work together toward the goals upon which they agree.

It represents farmers from every part of the country, producers of every kind of agricultural commodity. The policy resolutions that guide farm bureau during the year are developed through a program featuring individual member participation and including study, discussion, and development of policy recommendations at local, county, State, and National meetings.

This past December recommendations from the respective State meetings were considered by a national resolutions committee made up of elected representatives of every State farm bureau. Then they were considered, amended, and adopted by the elerted voting

delegates of the member State farm bureaus at the 47th annual meeting of the American Farm Bureau Federation.

Before I discuss the specific provisions of the legislation currently under consideration, I should like to review briefly our policies in recent years with respect to Government policy as it relates to cotton.

We supported the Agricultural Act of 1958. We still support the basic principles of that legislation.

In contrast, we have opposed vigorously the application of the compensatory payment concept to agriculture. We have contended that this road leads inevitably to lower per family farm income and increased dependence by farmers on governmental action. In 1963, when it was proposed that the compensatory payment concept be applied to cotton, we made crystal clear our belief that payments to the textile mills would be temporary and that such payments soon would be transferred to producers instead. What happened in this regard is now a matter of record.

All who care should anticipate the next inexorable step—i.e., limitations on payments—in other words, political rationing on an equitable basis (one share, one vote) of the more limited funds likely to be available in the future.

My point is that the determination to go the payment route—which action was supported by many of the people promoting the check-off proposal provided in the bill now before your committee—set in motion forces which almost certainly guarantee the transformation of the traditional cotton price support program into what is largely a welfare type program. The fact that many do not as yet fully understand this does not alter the realities of the situation.

I do not review this recent history to stir up the ashes of past controversies. Instead, I do it to remind the committee of our continuing desire to understand—and to help you fully comprehend—the eventual implications of the choices you are called upon to make in precedent-setting legislation.

The bill, H.R. 12322, now before this committee would, if enacted, have far-reaching implications for the future of agriculture.

We shall not review in detail our longstanding interest in, and support of, research. Without exception, farm bureau has been in the thick of every major effort to strengthen agricultural research.

Our member State units have actively supported the State legislative actions that have been necessary to enable the respective States to carry their part of the cooperative Federal-State research programs.

Likewise, it is unnecessary I am sure to review in detail farm bureau's longstanding interest in, and support of, the work of the National Cotton Council. In accordance with our general philosophy on research and promotion farm bureau leaders took part in the organization of the National Cotton Council, and have continued to take an active part in this organization throughout its history.

Farm bureau leaders have been among the strongest advocates of increased funds for the council, and were leaders in the movement which established the Cotton Producers Institute a few years ago to raise additional funds from producers for research and promotion in behalf of cotton. In fact, we have often pointed to the work of the National Cotton Council as a splendid example of how an industry-wide commodity organization should function.

With respect to the whole matter of promotion of agricultural commodities, Farm Bureau has a long record of experience. At our most recent annual meeting (December 1965) the official voting delegates adopted the following resolution on this subject:

PROMOTION OF AGRICULTURAL COMMODITIES

We urge increased support for voluntary promotion programs.

The American Farm Bureau Federation, through State and county farm bureaus, should stimulate interest among farmers and urge increased support for sound, well-coordinated programs to promote the increased sale and consumption of farm products without duplication of effort.

Where well-established, nationally recognized organizations are carrying out industrywide promotion programs on a well-coordinated national basis with adequate producer representation, we continue to support and help improve them.

Promotion programs need periodic review to determine their effectiveness. Participating producers and their organizations should be encouraged to seek an evaluation of these programs and to recommend improvements.

We believe that any funds raised for the purpose of promoting the sale of farm commodities should be collected on a voluntary basis, administered by a nongovernmental organization of producers—with handlers and processors included where it is mutually agreed that they should be included—through its board or committee, and used solely for the specific purposes for which collected and not for legislative or political activities.

We define a voluntary checkoff as one which leaves producers free to refuse to contribute or enables them to obtain the refund of any assessments, collected by the voluntary action of market agencies. The procedure for obtaining refunds should not be so burdensome as to have the practical effect of depriving individual producers of the opportunity to obtain refunds.

H.R. 12322 is contrary to this statement of policy in two most important respects:

1. Whereas our policy supports voluntary programs administered by nongovernmental organizations of producers, this bill clearly provides for the creation of what amounts to a governmental organization of producers. This would take the Government into a new area of control over farmers and their activities.

The amount of authority that would be given to the Secretary of Agriculture by the enactment of H.R. 12322 is unprecedented.

I should like to enumerate some of the added authority that would be given to the Secretary if this legislation were to be enacted:

(1) The Secretary would have discretion whether or not to consider establishing an order; that is, the Secretary is not required to call a hearing even if a certified producer organization petitions for one.

(*a*) If the Secretary decides to issue an order, the order can specify the plans and projects which may be authorized by the newly created Cotton Board.

(*b*) The Secretary can require that any class of handlers keep and produce to the Cotton Board or to the Secretary books, records, and reports as he may deem necessary.

(*c*) The plans for advertising, promotion, or research must be submitted for approval to the Secretary.

(*d*) The budget on a project basis must be submitted to the Secretary for approval.

(*e*) The contract which the Cotton Board proposes to enter into with the producer organizations is subject to approval by the Secretary.

(2) The initial rate of assessment in an order issued by the Secretary must be $1 per bale, but this assessment can be increased by

amending the order (amendments to the order are subject to referendum).

(*a*) The Secretary is authorized to sue for assessments.

(*b*) A producer may obtain a refund of the assessment if he makes such demand personally in accord witth the regulations prescribed and within 30 days of the collection of the assessment. Such demand is made a public record, and the producer would not be permitted to vote in any subsequent referendum.

(3) The Secretary appoints the members of the Cotton Board. Organizations certified by the Secretary are permitted to make nominations, but the Secretary can appoint from outside such nominations if he feels that this is desirable.

(4) The Secretary may terminate the order of any provision of the order without referendum.

A majority of producers cannot terminate an order unless they grow a majority of the cotton produced by those voting in the referendum.

2. The effeect of this bill, if enacted, would be to make the program largely compulsory rather than voluntary.

No legislation is needed for a truly voluntary program, and the only purpose of enacting legislation in this field is to compel participation. While refunds would be authorized for producers who request them, handlers would be required to collect the proposed assessment; producers who do not wish to contribute apparently would be required to file separate refund claims each time they sold cotton (or at least for each sale made more than 30 days after the last previous sale); refund requests would be made a matter of public record; and producers requesting refunds could be prevented from voting in any subsequent referendum on the program unless they returned their refunds to the Board. Such provisions obviously are intended to have a coercive effect.

The referendum procedure provided in this bill would enable a minority of the producers to impose a sales tax on raw cotton on all cotton producers. This is made possible by the authorization for the Secretary to determine the outcome on the basis of volume. This has far-reaching implications. Incidentally, there is no requirement that the referendum be conducted by secret ballot.

Many of the proponents of this legislation contend this proposal is voluntary and nongovernmental. In this connection, I would call your attention to the "penalty provision" in H.R. 12322:

> Any person who willfully violates any provision of any order issued by the Secretary under this act, or who willfully fails or refuses to pay or remit any assessment or fee duly required of him thereunder, shall be liable to a penalty of not more than $1,000 for each such offense which shall accrue to the United States and may be recovered in a civil suit brought by the United States.

The fundamental questions raised by this legislation are not new. Some of the members of this committee will remember a few years back—1957—when there was a drive on to get a legislated checkoff program for livestock to raise funds to promote red meat. You were told—and we were told—that there absolutely had to be checkoff legislation, and that the whole promotion program for red meat would be lost if legislation were not passed immediately. As a member of the board of directors and executive committee of the National Livestock

and Meat Board, I know something of what has happened in the interim period. Progress continues to be made in perfecting a comprehensive, voluntary, and nongovernmental promotion program.

There are many advantages to truly voluntary programs. The voluntary approach provides a splendid opportunity for producers who are investing money in promotion to continuously reappraise the value received for the money invested. It encourages producers to feel a sense of responsibility for their program, to take interest in it, and to see that they get their money's worth.

I realize that those who want to find an easy way to raise big money often prefer the compulsory approach. Similar arguments can be made, and are made, in behalf of compulsory unionism. There is a much closer parallel in the rationale on which this legislation is based and the arguments made in favor of the repeal of section 14(b) of the Taft-Hartley Act than many of the supporters of this legislation probably would want to concede.

The voluntary approach promotes cooperation between farmers and between the producers and handlers of a commodity. The compulsory approach provided in this bill will promote controversy and dissension. Many cotton producers will want to know why no provision has been made for other cotton interest groups to bear a part of the load. The proposed referendum almost certainly would be preceded by a bitter and divisive campaign which would create lasting scars at a time when the cotton industry needs to unite to solve its problems.

The thing that is most needed in the present situation with respect to research and promotion for cotton is for the Congress to make it clear that it does not intend to torpedo present voluntary promotion efforts and supplant them with a Government-directed project financed by means of a largely compulsory checkoff.

When that is done, I am confident that all of the groups interested in the survival of cotton as a healthy and dynamic industry will find ways and means of launching and financing needed research and promotion programs for cotton. In behalf of Farm Bureau members throughout the country, and especially in the Cotton Belt, I want to reassure this committee, and the proponents of this legislation, that we continue to stand ready to lend our full assistance to such an effort.

For the reasons stated herein, we respectfully recommend that H.R. 12322 not be approved.

Now, Mr. Chairman, I have with me the vice president of the American Farm Bureau of Federation who will present a brief supplemental statement.

The CHAIRMAN. We will hear Mr. Randolph in due time. We will hear from you first.

Mr. SHUMAN. Thank you.

The CHAIRMAN. You have submitted a very fine statement. You agree with the objectives of what is sought to be accomplished by this proposal, that is, to have the farmers put the money into some fund on a voluntary basis to be used for promotional and research purposes—is that not right?

Mr. SHUMAN. We support voluntary research and promotional contributions by farmers and others in the industry. We have supported voluntary programs for a long time.

The CHAIRMAN. But the point is that you do not want the Government to have anything to do with such a program.

Mr. SHUMAN. We do not want a compulsory, Government compelled, check-off.

The CHAIRMAN. In my own thinking, as a lawyer, I do not think that you should have a compulsory program as you say is contemplated by this proposal. It should be voluntary and that is the reason this refund provision has been put in.

We have the Tobacco Associates organization in my State of North Carolina, and it is financed somewhat in this same way. It is a voluntary payment of so much per acre, and the farmers, if they want a refund, can request it and their money is refunded. In that way no one can attack the constitutionality of the program, because we have a provision for recovery.

As a farmer, I pay $1 a bale on this program, and if I have 10 bales, I pay in $10, and I can say that I want my money back, and, of course, I will get it.

I think this should be a voluntary program.

Mr. SHUMAN. Mr. Chairman, we do not consider it a voluntary program—we consider it a compulsory program. It is enforced by the Government, the checkoff is enforced by the Government, and I doubt very much if it could be determined whether it is constitutional without taking it to the courts, and, of course, if it is passed I am sure that it will be challenged, and, probably, there will be a long period of fighting in the courts, which will ensue.

The CHAIRMAN. Who do you think would take it up?

Mr. SHUMAN. I am sure that the producers will. I am sure that many producers will go together to challenge it.

The CHAIRMAN. Are you suggesting that the Farm Bureau under your direction, will challenge the constitutionality of it?

Mr. SHUMAN. We certainly would, if the farmers in our organization wanted us to do so.

The CHAIRMAN. How many farmers would have to want to do that before you would be willing to challenge it?

Mr. SHUMAN. It would be up the board of directors. I do not know. I am sure there is a valid basis where challenging the constitutionality of it should or would be made.

I doubt very much whether the first two pages of the bill, which is an attempt to establish the public value of it, has done so. I think that there is a very serious question as to whether this is in the public interest.

The CHAIRMAN. That is in the public interest?

Mr. SHUMAN. Yes, sir.

The CHAIRMAN. This refund provision in here is supposed to eliminate any question about the constitutionality of the act. I think that the bill has that section in it for that purpose. I am glad you have pointed that out.

There are other things that we will have to clear up, but it is a voluntary program. You know that it has a cotton board in it. You understand that?

Mr. SHUMAN. Yes, sir. This board——

The CHAIRMAN. The Secretary will not actually administer this and spend the money as he wants but he will spend it as this board, composed of farmers, decides.

Mr. SHUMAN. That would depend—that would be up to the discretion of the Secretary. He would not be compelled, as I understand this bill, to name the cotton board the people nominated. He could name others than those nominated. He would not be compelled to approve the expenditure of the funds by any certain organization, even if it were recommended by the cotton board. He would not be compelled to approve. He has discretion.

The CHAIRMAN. Suppose that we amend the bill not to let the Secretary spend the money except in the manner directed by the cotton board, and that the board be selected from a group of farmers nominated by the farmers. Would that take care of that point?

Mr. SHUMAN. No, I do not think that it would, because it is still a Government controlled compulsory checkoff. However, the first draft of the bill that our folks saw had quite a few of those provisions in it, and then I noticed that when it was finally drafted, it was found necessary to put more authority in the hands of the Secretary. And I can understand that.

I do not think that it is possible to draft legislation which gives the power of the Government to tax producers and then turn that money over to a non-Government agency, a supervised planning agency. I think that is what the drafters recognized, and the very fact that they did so, illustrates the fact that it is a Government-enforced checkoff.

The CHAIRMAN. I do not think that I agree with you on that particular point. I doubt very much if we could pass a bill that would be constitutional if it were compulsory, and to avoid that situation, we arranged in here that all that the farmer has to do is to request a refund and he can get it, and that is it.

Mr. SHUMAN. Some people have the idea that this money would be channeled, as it was pointed out by the Cotton Producers Institute which is affiliated with the National Cotton Council, through those organizations. This might be true under this for a short time, but there is no assurance of this. There is no assurance whatsoever that the future Secretary of Agriculture could not change that to have some other agency do the spending.

The CHAIRMAN. Suppose that we put in the bill a provision that the Secretary could not spend a single dollar of the money unless the Cotton Board said so? Would that help to improve the bill?

Mr. SHUMAN. I do not think that it would improve it from our standpoint, because it is still a Government-controlled compulsory checkoff.

The CHAIRMAN. In other words—let us get it clear—there is no way to amend this bill so as to get your approval of it?

Mr. SHUMAN. That is correct.

The CHAIRMAN. And you would suggest striking the enacting clause and everything thereafter?

Mr. SHUMAN. There is no way to help a compulsory checkoff that we would support.

The CHAIRMAN. I am talking about the whole bill. Is there any way that you could support this bill, to amend it so that you would agree with it?

Mr. SHUMAN. I think that you could take and have just a resolution which expressed the good will of the Congress.

The CHAIRMAN. The good will of the Congress to do what?

Mr. SHUMAN. Promotion and research.

The CHAIRMAN. Like a love letter to the American Farm Bureau Federation?

Mr. SHUMAN. That is right. [Laughter.]

That is correct, Mr. Chairman. So, we do not believe that any legislation is necessarily desirable. We have a very good program.

The CHAIRMAN. How can you say that? The manufacturers of synthetics are spending $200 million a year in competition with cotton, and here we are contributing a sum that is practically nothing. We had pages from 1 magazine presented here yesterday, expensive advertising—50-some-odd pages from 1 magazine—advertising goods manufactured out of synthetic fibers. You will find that if you talk to those in the textile indutry, as I have talked to them, that they read those magazines, and that they cannot continue with the manufacture of cotton in competition with manmade fibers under the present circumstances.

You read in the papers about all of the textile mills making great profits, and you will find that they are making most of the profits out of synthetics.

We cannot let cotton, as a commodity, go by the board, but that is what is going to happen.

The farmers, you say, want it on a voluntary basis. I feel that this is a voluntary program that we can try to get into operation.

Mr. SHUMAN. Mr. Chairman, I would like to suggest that there is variation in the success of voluntary programs, that we have voluntary promotion and research programs that get the participation of farmers on a basis as high as 60 to 90 percent of participation; it can be done. We have repeatedly offered to the National Cotton Council and to the CPI that we join with them in a concerted and continuous campaign to get a higher percentage of support. We have every reason to believe that if we had been permitted to work with the National Cotton Council and the other groups over a period of several years that we could have raised this participation in the CPI considerably and probably in the nature of 70 to 80 percent.

In my opinion, if this bill is enacted and the compulsory checkoff is enacted, the $1 a bale assessment will be used as the excuse by farmers and others in the cotton business to practically discontinue their participation in the cotton council's program.

The CHAIRMAN. That is problematical. That was discussed here yesterday.

Mr. SHUMAN. I am sure that it is a pretty good possibility, because if you are going to take, by a Government checkoff, $1 a bale away from the producer, you can be pretty sure that a lot of the folks will discontinue the other checkoff, and the net result will be that the cotton council and the CPI program will be delivered over to Government supervision, and we will have destroyed a very effective organization—the National Cotton Council.

I do not agree at all that the reason that the research being done and the advertising promotion that is being done is concentrated on

synthetics and not on cotton is because we have not gone the route of compulsory Government checkoff programs for promotion.

There is no Government checkoff program for promotion and research in synthetics. The major reason, in my opinion, that there has not been a corresponding amount of research and promotion and advertising by the cotton textile mills for cotton is that we have had a cotton program for a number of years which has, for all practical purposes, legislated against any desire or any incentive for the cotton tetxile industry to promote cotton.

The CHAIRMAN. Let me interrupt you, please, Mr. Shuman. I want to present someone whom I do not think you will object to.

I recognize the distinguished gentleman from Texas, Mr. George H. Mahon. It is an honor to have you and your lovely friend here, and we will be glad to recognize you to present your friend to the committee.

STATEMENT OF HON. GEORGE H. MAHON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. MAHON. Thank you, Mr. Chairman.

One reason why we want to keep cotton in business is that if we should go out of the cotton business, there would be no more "Maids of Cotton." Of course, there are also other urgent reasons.

I think that it is rather fitting that I, coming from the largest cotton-producing congressional district in the United States, should have this honor of presenting to you the "Maid of Cotton" for this year.

I am very honored and very pleased to present the daughter of an oldtime friend of mine, from west Texas, Nancy Bernard, the "Maid of Cotton" for this year, from Lubbock, Tex. [Applause.]

The CHAIRMAN. We are delighted to have you here. We hope that you have a wonderful experience in this assignment, in carrying out this honor which has been conferred upon you, and if you act as good as you look, you will make a grand success. I will tell you that. I am sure that every man on this panel, and Mr. Shuman, admires you very much. We are glad to have you here, and we will be glad to hear from you.

STATEMENT OF MISS NANCY BERNARD, "1966 MAID OF COTTON," LUBBOCK, TEX.

Miss BERNARD. As the representative of the National Cotton Council, it has been my distinct pleasure to get to see many sights which the ordinary schoolgirl never would have the opportunity to see, to have experiences that the ordinary schoolgirl—and I am from the University of Texas, by the way—would never get to do. It is fascinating. I take every opportunity to promote cotton all that I can, wearing cotton all of the time. I have a cotton outfit on today.

The CHAIRMAN. It is very pretty.

Miss BERNARD. And I wear it all of the time. I wear cotton in many of my clothes—even my pajamas are cotton. [Laughter.] But doing these style shows every day, with visits to the various cities of the United States, has been a very rare and valuable experience, and as

we go along we have humorous instances, too. I think last night was a typical example, when we were flying from Raleigh, N.C., on the plane on which there were some men from the Du Pont Co., and it was quite an experience. They came strolling down the aisle and started up a conversation with us. We had quite a talk. We were holding our own with them, smiling very sweetly, and, finally, another man walked up and said, "Are you not the 'Maid of Cotton,'" I said, "Yes, sir." So, these people from Du Pont kept talking, they talked on and told me about my fabric, and I told them about theirs. And this went on. They were really giving me a bad time. I finally said, "Sir, what is your shirt made out of?" And this gentleman said, "Well, cotton." [Laughter.] And I said, "I presume that you are wearing even more cotton than your shirt." [Laughter.] "Yes, ma'am." So, we called it "touché," and that was it.

So, as the Maid of Cotton, I have had many wonderful experiences. I have found out about many wonderful uses for cotton. It has been a great delight to talk about it all I can.

I think one of the biggest delights has been my getting to come here to this committee today, because I have never been to Washington before, and I have never seen a committee in action before, and I can tell that this is a highlight of my trip.

The CHAIRMAN. Thank you very much. [Applause.]

Mr. POAGE. I want to congratulate Mr. Mahon, the chairman of our Appropriations Committee, for having such a lovely constituent.

I want you to know that he has a group of Texans in the room. Some of them are on the committee. There is Mr. Purcell sitting over there, and Mr. De La Garza up here. These are members of our committee.

And then behind you at the witness table, there is Mr. DeVaney, the president of the Texas Farm Bureau Federation, and here are some of the local people from out on the plains of Texas. Ed Bush is around here some place. We have a whole bunch of Texans here.

We are all just so very glad to have you here with us.

Miss BERNARD. Thank you.

The CHAIRMAN. May I interrupt this, to extend a Happy Birthday Greeting to you?

Miss BERNARD. Thank you.

Mr. MAHON. Mr. Chairman, this committee is so important to cotton, and this is such a wonderful moment in the life of this beautiful girl, that she ought to go away, I think, with a picture of some of you people in the background.

The CHAIRMAN. I do not think that anybody up here will run away. [Laughter.]

Mr. POAGE. I think that we should have a recess for that purpose at this point.

Mr. MAHON. First, let me present the tour managers who accompany Miss Bernard:

Miss Patty Povall of Lexington, Miss.

And Miss Rebecca Moore of Rolling Fork, Miss.

[Recess.]

The CHAIRMAN. The committee will be in order, please.

We appreciate permitting us to break in on your testimony.

STATEMENT OF CHARLES B. SHUMAN—Resumed

Mr. SHUMAN. Mr. Chairman, I appreciate the interruption very much, because this was one of the best demonstrations that could be had of how a voluntary program can be effective.

I had practically finished what I was saying which was to the effect that the voluntary program of the National Cotton Council will be jeopardized by a compulsory checkoff program, because I do not believe that farmers will pay for both, also that the research and promotion that has been devoted to synthetics could well have been had by cotton on the part of the textile industry if it had not been for the unwise Government cotton programs which have, in effect, placed a penalty on anybody who wants to go ahead to develop new and better methods through research and promotion. Actually, the attack on the market system that is inherent in Government farm programs automatically results in reducing incentives to carry on research and promotion by the private trade.

So, I think that this legislation would not only destroy the cotton council, as we know it today, but it would also create tremendous conflict and controversy.

This committee has, on previous occasions, when I have been before it, expressed concern at the conflict and the disagreements within agriculture. You have not seen anything yet as to what you will see when this referendum campaign out in the country goes ahead. We will be fighting in every community in the cotton-growing areas of the United States, and we will have conflicts between commodity groups as well as other organizations if this bill is passed.

If this bill is passed, it will only be a question of time until the soy bean people will be here for corresponding legislation for compulsory check-off on soy beans to carry on their program against cottonseed products. You are opening up a Pandora's box of conflicts and controversies like we have never had in American agriculture.

I think that the responsible organizations in this country, the general farm organizations, are more united in opposing this than we have been on many things, and here we are coming to legislation that will promote conflicts like we have never seen before.

The CHAIRMAN. Let me go back to the State of North Carolina to the Tobacco Associates' program for tobacco. It was adopted many years ago. It has not torn people apart. I do not know of any person who has asked for a refund who has not gotten it. I do not know of any checkoff system. You ought to think about that program in North Carolina.

Mr. SHUMAN. Apparently, the Tobacco Associates did get industry support. That is not the case in this situation. There is a wide split in the industry as to whether or not they are for this. We have many people who are opposed to it very vigorously.

The CHAIRMAN. We have a number of witnesses listed on our agenda today, and I wonder if you could avoid some repetition—I do not mean Mr. Randolph, but the others. I notice that you have someone here from Alabama, and someone from various other States. We have an important House session in about an hour.

Mr. SHUMAN. We had planned for them to have about a 1-minute statement. Each will have a 1-minute or a minute-and-half statement.

The CHAIRMAN. Mr. Poage.

Mr. POAGE. I commend the Farm Bureau on their resolution, on page 3 of your statement. It seems to me to be an excellent one.

I agree with it all the way down to where you say, beginning with the third paragraph on page 4:

H.R. 12322 is contrary to this statement of policy in two most important respects.

I recognize that this is the difference between you and myself.

I think it is "voluntary," but from what I understand from this last paragraph of your statement of policy it says that a man should have the right to get his money back, and if he does, that it is "voluntary."

There is no provision of this bill that can force him to make a payment against his will without the right of refund.

And as I read the bill as it is presently written there is no provision that he has to contribute one single dime.

Now, I think there are some items in this bill that I would like to change.

I agree with you that the original bill was better in some respects than the final draft but the principle of the bill is sound. The principle is in accord with the way that I read the Farm Bureau's resolutions.

I have been a member of the Farm Bureau for many years.

And I have become embarrassed that this committee and the Farm Bureau always finds themselves at odds. I would like to see us get together on something.

You say that you are in favor of research.

So am I; so is the committee.

You say that you are in favor of promotion.

So am I; so is the committee.

Why do we not try to write a bill that we can all support? Why do we not try to see that if this bill has some weak points in it and if it has to correct them. I would like to work with you to do this.

Are you suggesting, if I understand you correctly, and I would like for you to correct me if I do not correctly understand you—did I understand you to say that you and the Farm Bureau support, as I do, research as a general proposition? "We believe in research," is that correct?

Mr. SHUMAN. We support voluntary research, but——

Mr. POAGE. Do you support governmental research?

Mr. SHUMAN. Governmental research through appropriations.

Mr. POAGE. Do you support it through governmental appropriations?

Mr. SHUMAN. Yes; but not through compulsory checkoffs. I disagree with your interpretation of the language. It says very clearly, "collected by the voluntary action of market agencies."

Mr. POAGE. I think that anything is "voluntary" if there is no compulsion in it. As a cotton grower, I do not have to pay one dine to anybody if I do not want to, if this bill passes. That is the crux of the whole thing, as I see it.

We disagree on that.

Mr. SHUMAN. That is correct.

Mr. POAGE. And I suppose that we cannot come together on that, but we are in agreement in saying, if I understand it correctly, that

we need research, that we need to have the Government conduct research. And you, of course, have supported many of these research programs. The committee has supported many of the research programs, and we are going to continue to do so.

Do I understand that you think that it is all right for the Government to take tax money from every citizen of the United States and conduct agricultural research, but it is all wrong if the Government helps a group that expects to get a special benefit from that research—to put their own money into it? Is that the way I understand your situation?

Mr. SHUMAN. No. Let me say this. Let me straighten out two or three things in your statement, Mr. Poage.

One of the things that was most carefully debated by our delegates—over the years—has been this definition of "voluntary," and like Congress, our delegates in our board are governed by the record that is made in these debates, and does not leave any question whatsoever but that the intent of our delegates is that "voluntary" means voluntary action and does not contemplate Government-enforced checkoffs of any kind—"voluntary action of marketing agencies."

On the matter of research: Yes, we support research. We think much of the agriculture research is in the public interest, and we think it ought to be paid for by the public.

We think also that there is special research that is in the interests of the textile mills or other processors of agricultural products. They ought to carry on research themselves. We think that there is obligation for the producers themselves to carry on research and promotion, but that in these areas where it is to the self-interest of the producers, the self-interest of the industry ought to be completely on a voluntary basis. We would oppose the checkoff, from the textile industry, funds to be used in the textile industry research to benefit the textile mills. We think that these should be voluntary actions, and we are opposed to Government-enforced checkoffs.

Mr. POAGE. You and I are in full agreement on that. I am opposed to forced checkoffs as you are, but I am not opposed to voluntary checkoffs. You define a voluntary checkoff as one where the producer can refuse to contrbiute, or one that enables him to obtain a refund on any assessment collected by the voluntary action of a marketing agency.

This bill does leave producers free to get a refund, and it seems to me that it meets every qualification that you have set out in your own resolution.

You disagree with that; you place another interpretation on it, and you have a perfect right to place another interpretation on it. That is the only difference of opinion, as I see it.

We have a voluntary checkoff system, just as voluntary as it can possibly be, because nobody has to make a payment. That is just it, nobody has got to make a payment.

It seems to me that this is a strained construction of the resolution of your own delegates when they say that they favor a voluntary checkoff, and it is defined as being one where the producer can obtain a refund. They can obtain that refund on notice, so it seems to me that we have met the requirements that you have set up there.

You tell us that you believe that we ought to have research; you tell us that the Government ought to pay for it, and then you tell us that if it is for a special benefit to a special group, that they should pay for it.

You say that the textile mills ought to pay for any research in regard to their spinning and weaving. We do conduct research at Government expense on spinning and weaving just as we conduct it in ginning. We do conduct it in, as far as I can recall, every process of the industry with which I am acquainted.

Would you condemn that? Would you close down a ginning laboratory, Mr. Shuman, because it was of special benefit to the ginners?

Mr. SHUMAN. You have made a long rambling statement.

Mr. POAGE. Yes, but I am getting back to one simple question. Do you oppose the existing ginning laboratory?

Mr. SHUMAN. I know nothing about a ginning laboratory, and I have no opinion on it, but I do know what the action of our delegate body was, and it was not in accordance with the interpretation you place on it.

The CHAIRMAN. Will you yield to me?

Mr. POAGE. Yes.

The CHAIRMAN. In your discussion with Mr. Poage, what do you mean when you say in that paragraph:

> We define a voluntary checkoff as one which leaves producers free to refuse to contribute or enables them to obtain the refund of any assessments collected by the voluntary action of market agencies. The procedure for obtaining refunds should not be so burdensome as to have the practical effect of depriving individual producers of the opportunit to obtain refunds?

What did you mean by that?

Mr. SHUMAN. Mr. Chairman, back on page 3, it says:

> We believe that any funds raised for the purpose of promoting the sale of farm commodities should be collected on a voluntary basis, administered by a nongovernmental organization of producers—with handlers and processors included where it is mutually agreed that they should be included—through its board or committee, and used solely for the specific purposes for which collected and not for legislative or political activities.

The CHAIRMAN. Why did you put the word "refund" in there, if it is to be interpreted as you now tell us that you are interpreting it, that there would not be any refund in it at all?

Mr. SHUMAN. Yes, there would be under the voluntary programs at the present time. I know how they are administered. And you probably do, too. The marketing agencies will make the deductions. If anybody objects the refund is made. That is what this means. This does not refer to a Government refund. The whole statement goes together. You cannot take out one sentence. This was discussed and debated as very few things ever are on the floor of the convention, as well as in the committee. There was not a single delegate there but what knows that the intention of this is to oppose any Government-enforced checkoff. And I said "Government-enforced checkoff."

Mr. POAGE. If your objection is to Government control of a research and promotion program, do you interpret this as a governmental organization?

Mr. SHUMAN. Yes.

Mr. POAGE. That is not the point of the discussion at the moment.

But, if, in each instance that we bring up a specific subject, you suggest that there is something else that you are objecting to, we will never see how far apart we are on any one specific purpose.

I agree with you as to the desirability of making some changes in this wording in this bill. Certainly, that is something that we can talk about and try to work it out if we are in accord with the principle of promoting cotton; if we are in accord, that we want to carry on this research. But I fear that we are not in accord on that subject. I think that many of us want to promote cotton. Until this morning, I had understood you favored research and promotion of cotton, now I am confused. As you know and all the testimony was yesterday that you cannot continue the kind of thing that you have at the present time, that there is no possible way of continuing it on any successful basis.

I would be interested in hearing from representatives of the farm bureaus as to whether they believe that there is a practical way whereby you can continue the present program and make it function. Of, course, we can go completely out of business, but let us come back to research. Let me ask: Are you in favor of continuing governmental support of ginning research down in Lubbock?

Mr. SHUMAN. We have always supported it.

Mr. POAGE. I know that you have in the past. What about today? Are you in favor of continuing governmental support of ginning research?

Mr. SHUMAN. We are in favor of supporting research.

Mr. POAGE. That is, spending tax money for it.

Mr. SHUMAN. Yes.

Mr. POAGE. That money is taken from the citizens of New York; it is taken from the citizens of Washington; from the citizens of Wisconsin, and other places where they do not grow a bale of cotton.

Mr. SHUMAN. Yes, sir. We think that it is in the public interest.

Mr. POAGE. And there is no refund connected with it, is there?

Mr. SHUMAN. No, sir; this is tax-supported research.

Mr. POAGE. There is no one who can get a refund. It is not voluntary, is it?

Mr. SHUMAN. Not that I know of. Nobody has advocated that it be made voluntary.

Mr. POAGE. Do you believe that it is perfectly all right then to carry on that research at the expense of the people who have no direct interest in it?

Mr. SHUMAN. Yes, sir; because it is in the public interest. And we do not believe that this bill is in the public interest.

Mr. POAGE. All right. That is getting to an entirely different matter. You say that it is in the public interest to reduce the cost of ginning? That is correct, is it not?

Mr. SHUMAN. If that is the purpose of the research—and I am sure that it is.

Mr. POAGE. Let me see whether you agree with me that it is in the public interest to promote the reduction of the cost of ginning.

Mr. SHUMAN. Yes.

Mr. POAGE. But I understand you to say that it is not in the public interest to reduce the cost of the production of cotton; is that right?

Mr. SHUMAN. I didn't say that.

Mr. POAGE. Then would you favor the expenditures of tax money to do the very thing that this bill proposes to do?

Mr. SHUMAN. Undoubtedly. So far as I read the bill there is nothing specifically proposed to be done with this money, except to turn it over to the Board under the supervision of the Secretary of Agriculture. If they come in with specific research projects they are worthy of support, certainly.

Mr. POAGE. You would support it?

Mr. SHUMAN. If they are worthy of support, sure.

Mr. POAGE. Even though it is done by the Board rather than by the Secretary?

Mr. SHUMAN. No.

Mr. POAGE. Is that not right in line with farmer control?

Mr. SHUMAN. No.

Mr. POAGE. If the Secretary has that power——

Mr. SHUMAN. I intended to say, if I did not, that if the project is worthy of support, and they come up and it is included in research appropriation bills, we would support them—not under this bill where it was done with compulsory Government checkoff.

Mr. POAGE. At Government expense, under the control of the Secretary?

Mr. SHUMAN. Yes.

Mr. POAGE. You would support that, but you would not support it if the money came from the people who would get the primary benefit?

Mr. SHUMAN. It is not a question as to whether the work to be done is of value. The question is the method with which this is done. That is the whole argument.

Mr. POAGE. All right. You agree that it is all right to spend tax money to support a ginning laboratory, such as the U.S. Cotton Ginning Laboratory at Stoneville, Miss.

Will you agree that it will be all right to tax the people of Connecticut to support a cotton research laboratory in California when the Government spends the money for the benefit of the producer?

Mr. SHUMAN. If it is the judgment of the Congress that it is in the public interest, yes, sir.

Mr. POAGE. Then, you are perfectly willing to have it done if it is done under Mr. Freeman's control. Thank you.

The CHAIRMAN. Mr. Belcher?

Mr. BELCHER. No questions, at present.

The CHAIRMAN. Mr. Teague?

Mr. TEAGUE of California. No questions.

The CHAIRMAN. Mr. Findley?

Mr. FINDLEY. Mr. Shuman, inasmuch as this would be a Government directed promotional effort, could you tell us what more should be done to meet the problems of the cotton industry through voluntary promotion? I am thinking here of the meat board.

Could you tell us how the meat board functions?

Mr. SHUMAN. I will be glad to do so. The meat board has had a good record of gradually increasing participation. We have underway a program to get broader industry support. I think that we are now somewhere in the neighborhood of 55 to 60 percent of the marketed livestock that does support the meat board.

The way this is done is by contacting the market agencies, as we suggest here, and if they agree the deduction is made on the shipments of livestock to that market agency. Quite often this deduction is made by the market agency, after they had a dicussion in a meeting with their producers who send to that market or after they have notified them that they plan to start such a deduction.

Mr. FINDLEY. If a shipper objects to the checkoff, must he pay?

Mr. SHUMAN. If the producer requests the market agency not to make the deduction, it is not made, or if he asks for a refund, it is made. This is the only way in which it is done. This is the only reference to a refund that is intended by this resolution, that it is voluntary, despite all of these other statements.

Mr. FINDLEY. Therefore, the shipper would have the choice of refusing to pay the assessment initially and getting the refund.

Mr. SHUMAN. That is correct. And the main reason that this cotton bill is a coercive bill here is that the producer has to come in through some complicated redtape measure afterward to try to get his money back. If he is within a certain period of time, and if he is willing to have his name published to the world as being one of these people who wants his money back, then he might get it back, but this is a Government-enforced checkoff in this bill; whereas, in the case of the National Livestock Meat Board, and all of the other voluntary associations, they are by means of market agency deductions with the consent implied, or is rejected before the deduction, is made if the farmer wishes that.

Mr. FINDLEY. As I understand this legislation, it would require mandatory checkoff?

Mr. SHUMAN. Yes, sir.

Mr. FINDLEY. Of $1 a bale of cotton?

Mr. SHUMAN. Yes—at least that—there would be no choice.

Mr. FINDLEY. There is nothing voluntary about that action at all, then?

Mr. SHUMAN. That is correct. This is completely compulsory, checkoff on everyone.

Mr. FINDLEY. And it occurs to me if the program is purely voluntary, what is the need for legislation?

Mr. SHUMAN. This is the point that we have tried to make, that if we got together and worked it out, we could get much better support from the industry than it now has, and I think that this compulsory checkoff, if in effect, will, very quickly destroy the existing National Cotton Council, and we will wind up not having as much money to spend on good promotion like the Maid of Cotton promotion, and the other promotions which are carried on, and which are very fine promotions. We will not have as much for that, but that it will be channeled off into areas which will have political coloring.

The CHAIRMAN. I understand that the National Cotton Council is supporting this.

Mr. SHUMAN. I think that you are mistaken.

The CHAIRMAN. And that the institute supports it.

Mr. SHUMAN. I think that this legislation will, within a very short time, result in the destruction of the existing organizations in promotion and research.

Mr. FINDLEY. I want to ask one more question, if I may.

In your statement you say:

> There is a much closer paralled in the rationale on which this legislation is based and the arguments made in favor of the repeal of section 14(b) of the Taft-Hartley Act than many of the supporters of this legislation probably would want to concede.

If you would amplify that, I would appreciate it very much.

Mr. SHUMAN. The issue here is one of compulsion versus voluntary action. If this was a voluntary bill, there would be no point of passing it, so it is compulsion. The element of compulsion is part of this cotton checkoff bill. One of the main things that we are concerned about and has caused our opposition to the repeal of section 14(b) is the element of compulsion in joining a labor union. We have said that the citizens of each State should be permitted to decide whether they want to have compulsory unionism in their State, and 19 States have said that they do not want compulsory unionism. We do not believe in compulsion to join a farm organization or compulsion to pay a checkoff on cotton. We do not believe in compulsion to join a labor organization, a church organization or a political organization.

We think that this is a major issue involved. The matter of compulsion versus voluntary action.

We support voluntary action to do exactly the same things proposed here, but we will oppose to the utmost the element of using compulsion to do the very same thing.

Mr. FINDLEY. And this legislation would actually establish something similar to Government-controlled union in cotton farming?

Mr. SHUMAN. This would, of course, establish a quasi-governmental organization replacing the present voluntary Cotton Council and the CPI program, because the action would have to be approved by the Government agencies, and the members of the board of directors would serve at the pleasure and the will of the Secretary of Agriculture, and it has all of the disadvantages of such, and the only advantage is that it forces everybody to walk up and put money in. That is the only advantage. It has the disadvantage of compulsory action and including the danger of waste and corruption which goes with all compulsory organizations. You cannot have the discipline on the spending of the money that you can have under voluntary contributions. When the organization depends upon voluntary membership and dues are voluntary, then the officers, the directors, the administrators are under the discipline of having to justify their existence to the members. Whenever you inject the element of compulsion, you eliminate this discipline of the folks who contribute; so, this would be a quasi-governmental organization which would gradually see a diminution of the interests of the producers and eventually result in the transfer of the funds to purposes far afield from what the present proponents say.

Mr. FINDLEY. Do you feel that it is an exaggeration to say that this proposal could be one of far-reaching adverse consequence to American agriculture?

Mr. SHUMAN. This is one of the most dangerous proposals that has been brought before the Congress, so far as American agriculture is

concerned. It will lead to the fragmentation and conflict in agriculture like we have never had before. It will lead to setting up, undoubtedly, hundreds of other quasi-governmental organizations to fight each other.

The main beneficiary to this will be the 15-percent Madison Avenue gang which I anticipate are right here today waiting hungrily for this. They will be the main beneficiaries.

Mr. FINDLEY. Have you any estimate as to how much of the dollar per bale would be used for administrative expense?

Mr. SHUMAN. We have no estimate, except to take a look at some of the other areas of Government activity, where it is not unusual to say 30 to 40 percent and sometimes 50 percent of the funds are in overhead administrative expense.

Mr. FINDLEY. Thank you. That is all.

The CHAIRMAN. Just one minute.

Suppose, Mr. Shuman, we eliminated some of the things that you have been objecting to. Suppose that we amend the bill that when the farmer sells the cotton he can at that point sign a request for a refund and get it without waiting. Is that it?

Mr. SHUMAN. No, I do not think so, because if you take out the coercion there is no point in the legislation. The only purpose for this bill is coercion; that is the only purpose of it. If you take out the coercion, then there is no point of the legislation, because we can do everything that is provided for here without the bill.

The CHAIRMAN. The committee has the responsibility to rework the bill and to work its own will on the bill, and the hearing is for the purpose of having people point out certain things to us that they have in mind, to make suggestions, to point out defects for the benefit of the members of the committee. Even the Department of Agriculture through Mr. Girard gave suggestions to us, and there were some amendments that were offered by them. I think you could offer some help by offering some constructive amendments. You admit that everything we are trying to do should be done. It is just a question of the method. You are willing to use the taxpayers' money to do all of the things that we contemplate doing.

I know that you support research programs.

We have research programs on cotton, this very commodity, that you have supported, and we are spending tens of thousands of dollars in such programs—that is, in the promotion of agricultural commodities. Every commodity that we have has a program of some sort.

Mr. POAGE. If you will yield there?

The CHAIRMAN. Yes.

Mr. POAGE. We passed a bill providing for $10 million a year to be spent for research on cotton. I want to give credit to the farm bureau for their help to put that over. I introduced that provision. This committee approved it, and the farm bureau approved it. We passed it. It is the law today, and we are not getting that money spent. You cannot get it spent; neither can I.

The Bureau of the Budget does not approve the spending of that money, and it is not being spent. We are not getting the research. This committee wanted that research, and the Congress said that we

needed it, but we are not getting that research. It seems to me that we must look for some other approach.

It seems to me that we have got to look for some other method of getting the job done. We are not getting it under the Government tax-supported program which you and I both approved and we are not getting it under the present "pass the hat" programs. It seems to me that we have to have something else.

Mr. SHUMAN. If we really got together and worked on trying to get in effect the research program for cotton utilization, and then got the Government out of the pricing business, I think that we could get some action, despite the Bureau of the Budget. I think if we all worked on this target that Mr. Poage outlines, I think we would get some action.

The CHAIRMAN. Mr. Stalbaum.

Mr. STALBAUM. Mr. Shuman, earlier in your testimony you made the point that undoubtedly there would be lawsuits, probably, by your members, and, probably, with the assistance of your organization. Recognizing the makeup of the bill in its original, there is a provision that anyone who got a refund would not be permitted to vote in any future referendum. If that were stricken, and on the basis of refunds being easily obtained—in other words, that it was not as cumbersome as we now like to imply—and I certainly agree with you that even the present bill is too cumbersome—but assuming that a man can get a refund without difficulty and that he would not lose the right to vote in a future referendum, what legal recourse would he have to challenge this bill?

Mr. SHUMAN. I am not an attorney, and I am not qualified to answer that question.

Mr. STALBAUM. You made the statement, though?

Mr. SHUMAN. No, I said that probably it would be challenged.

Mr. STALBAUM. You said that your group would support a challenge. On what basis would you support it?

Mr. SHUMAN. No, sir; I said that if our board of directors approves supporting a challenge, we would, but I did not say that we would, because that has not been decided. I said that it would be a question that the board of directors would have to decide.

Mr. STALBAUM. Let me rephrase the question:

In your opinion, what legal cause of action would the man have?

Mr. SHUMAN. I have no knowledge in the field of law that would qualify me to express an opinion. I am sure that there will be attempts made, but I have no basis to express an opinion. I do not have enough legal knowledge.

Mr. STALBAUM. The point that I want to get into the record is this, Mr. Chairman, that I do not see that any person would have any cause of action because he is not denied anything, and, again, on the basis that he gets his refund without too much red tape he is not denied any future participation in a referendum.

The CHAIRMAN. Suppose that we amend the bill to say that? I thought that you said that you would contest it all over the country.

Mr. SHUMAN. We will contest it in the referendum. We are directed to do so. We will be out there. If you thought that the wheat

referendum was a hot deal, you have got a really hot one coming now. This will be twice as hot as the wheat referendum.

Mr. STALBAUM. I have one more question.

You said to Mr. Poage in his questioning, that you supported research through tax money, saying that if Mr. Freeman were to authorize it, you, basically, supported it on the basis of certain fixed research projects that you could see ahead of time?

Mr. SHUMAN. That the Congress felt were right, not Mr. Freeman.

Mr. STALBAUM. Assuming that this bill passed, and this committee or board set up by it came in with a specific research program of $2 million, let us say that you knew about and which you liked, would you oppose it simply because this board would have the control of getting the funds for that research?

Mr. SHUMAN. No, as I understand there would be no chance for anybody to oppose or support once the board has decided and the Secretary of Agriculture had approved that it be done.

Mr. STALBAUM. I disagree with you. I have been through marketing orders for years, and there is always the right to challenge. And the procedure can be written into the order. This is merely permissive legislation. The orders can be written to give the right to challenge if it is so written. That will come up later, I would assume that there would have to be some opportunity to review it.

Would you challenge it simply because this board has a right to set up a research project that you like in preference to Mr. Freeman?

Mr. SHUMAN. I have no basis for expressing an opinion on that either way, because we are opposed to the bill. We are not now engaged in speculating as to how we would act if such legislation were adopted. I would not know.

Mr. STALBAUM. Thank you. That is all.

The CHAIRMAN. Mr. O'Neal.

Mr. O'NEAL. Mr. Shuman, I am wondering if you know to what extent your views are shared by the various State organizations in the Cotton Belt?

Mr. SHUMAN. Yes, sir. You mean in the farm bureau organization?

Mr. O'NEAL. Yes.

Mr. SHUMAN. We have the policy in our organization that once a national policy is formed, after consideration of the State farm bureaus' recommendations, once the delegate body adopts it, it becomes binding on all of the State organizations unless they file an exception within a 90-day period; and that 90-day period has about expired, and we have had only one State farm bureau organization file an exception, and that was the New Mexico Farm Bureau Federation. So, all, presumably, at this time, of the State farm bureaus support this action except New Mexico.

Mr. O'NEAL. Thank you.

The CHAIRMAN. Mr. Belcher?

Mr. BELCHER. As a matter of information, is there not a voluntary cotton promotion program right now?

Mr. SHUMAN. Yes, sir; the Cotton Producers Institute is collecting at the rate of $1 a bale for a voluntary research and promotion pro-

gram. In addition to this, the National Cotton Council is working in this field. The $1 collection comes from the producers. In addition the council has—and it has been well established over a long period of time—its own source of deductions from segments of the industry.

Mr. BELCHER. How are those funds administered? Who maps out the program and has the authority to contract for them and put the program in operation?

Mr. SHUMAN. Well, as I understand it, the board of directors of the National Cotton Council and the Cotton Producers Institute would have general direction, and they employ administrative staff under them.

Mr. BELCHER. Do you think that is working now? Do you think that is doing good enough a job to keep cotton in competition with the synthetics?

Mr. SHUMAN. We think that the job is being done by these organizations very well; we do believe that it should have increased support. We have pledged here, and previously, that we would work to get that increased support, and we have every reason to believe that we can get adequate support. I do not believe that any research and promotion program, whether the present one carried on by the council or the institute or the ones proposed under this compulsory legislation—I do not believe that any research and promotion program is going to be effective in matching cotton with the synthetics, and we are going to continue to lose this cotton market until we get rid of Government cotton programs which caused the majority part of the industry to shift into synthetics. I do not think that there is any question about it.

Mr. BELCHER. From what I understand you to say, it is a matter of propaganda that it will go that way?

Mr. SHUMAN. As long as the price is established by Government edict, whether too high or too low, you are interfering with the operation of the market, and you cannot have expanded use of the product, as long as the market is not permitted to perform its function.

Mr. BELCHER. It is your theory it is not a question of merits of cotton or the merits of synthetics, it is a question of the cost of the two?

Mr. SHUMAN. The synthetic is available on a competitive—on an open competitive market, where the price varies. Cotton is available only on the Government market, and the incentive is always to use a product which is on the open market rather the one which is under Government edict.

Mr. BELCHER. Then, it is the position of the American Farm Bureau Federation that there is no way that is desirable to make the promotion of the sale of cotton any more effective than it is right now?

Mr. SHUMAN. That is correct.

Mr. BELCHER. It does not make any difference then what type of bill we attempt to write, it is your position that nothing is needed?

Mr. SHUMAN. That is right.

Mr. BELCHER. That is all. Thank you.

The CHAIRMAN. Mr. O'Neal.

Mr. O'NEAL. You said that 90 days was necessary in which to file an exception, Mr. Shuman. Do you mean dating it from the day in December 1965 when this statement was made?

Mr. SHUMAN. Yes, sir.

Mr. O'NEAL. I was wondering if there was any difference of opinion among the State organizations as to whether or not your testimony today was in conflict with this official resolution that your delegate body adopted.

Mr. SHUMAN. I have not received any word from any State farm bureau organization. That is right, except from New Mexico.

Mr. O'NEAL. Thank you.

The CHAIRMAN. Mr. Hagen.

Mr. HAGEN of California. I have a telegram here dated February 8, 1966, from Phoenix, Ariz., which I should like to read into the record:

Delegates to Southwest Classified Staple Cotton Growers Association this morning approved unanimously National Cotton Council resolution supporting CPI referendum discussion indicating full support of CPI.

And this is by W. Fred Enke, president, E. S. McSweeney, secretary.

Mr. Shuman, I want to say that I have great respect for your opinions and particularly the activities of the California Farm Bureau Federation; however, I think I must disagree with you in this instance. I note the presence of Allan Grant, who is the very distinguished president of the California Farm Bureau Federation and a constituent of mine.

It seems the procedure for getting a refund under this bill is no different than the procedure described for a State farm bureau which wishes to depart from a policy of the National Farm Bureau.

Mr. SHUMAN. That is correct. Our objection to the procedure for the refund is a very minor thing. Objection is to the entire procedure of the bill, the compulsory checkoff. We are not protesting——

Mr. HAGEN of California. Your method for taking exceptions to a national position is exactly identical with the procedure as this has?

Mr. SHUMAN. No, as I understand this bill, it provides for a 30-day period.

Mr. HAGEN of California. And you have 90 days for filing an exception?

Mr. SHUMAN. We have 90 days. Furthermore, our procedure is not within the control of the Secretary of Agriculture. They can object in any way that they want to object. There are a lot of differences.

Mr. HAGEN of California. You have supported supports that involved quotas and controls; is that not correct?

Mr. SHUMAN. I think that in the past there have been times when we have supported control programs. However, this has been quite a while back. We still support the tobacco program. We support certain control programs. We opposed this particular cotton program and the previous one.

Mr. HAGEN of California. How can you justify, as a matter of principle, supporting the tobacco program which is much more rigorous than this, and object to this?

Mr. SHUMAN. I think that you cannot condemn or support a Government farm program on a broad basis. You have to look at the results and the way in which the program is promulgated.

Mr. HAGEN of California. It is not a matter of principle, then; you are applying a pragmatic test to differentiate your positions.

Mr. SHUMAN. No. It is in large measure a matter of principle. We said, in general that we want to do away as quickly as possible with all control programs, including tobacco programs.

Mr. HAGEN of California. Are you advocating the abolishment of all of the support programs?

Mr. SHUMAN. We are not advocating the abolition of all support programs.

Mr. HAGEN of California. They all involve controls.

Mr. SHUMAN. No; there are some that do not, that have supports. For instance, the Secretary of Agriculture is authorized to support the price of soy beans, and there is no control authority provided there.

Our position is that Government controls in production have not worked; they are not designed to work effectively and that they ought to be eliminated as quickly as possible. And we recognize the difference in the time required, and we are not urging immediately any action on tobacco. We do oppose the feed grain program, the wheat certificate plan. We have said that the cotton program would take more time to phase it out.

Mr. HAGEN of California. Purely on the basis of control? I do not see the consistency of that, supporting the tobacco program and opposing this bill.

You have referred to the cotton council and to the institute. I understand that one reason his bill is here is the fact that these organizations are about to fall apart. Their representatives were here to testify in favor of their legislation. A very small percentage of the cotton growers have been supporting these organizations, and they are getting a little tired of carrying the load alone. The future for these organizations is also therefore dim. That is one reason why this bill is here.

In your statement you made reference to the volume requirement. This is a provision in there for those substantial farmers who might be most adversely affected by a failure to act. I cannot see the Farm Bureau objecting to this 50-percent-volume requirement, if I know your thinking.

Mr. SHUMAN. In the same way that the matter of the method of getting refunds is concerned. This 50-percent provision is a very minor thing as compared to our major opposition to the use of Government compulsion to make this work, and that is the purpose of the law. As to whether or not 50 percent of volume, or something else, is lesser in importance than the key questions: "Are we going to use the power of the Federal Government to enforce the checkoff on all commodity producers, running into the hundreds of millions of dollars? Are we going to let this kind of tax be put on producers, the farmers and the ranchers throughout the country?" And this opens the floodgate to that kind of thing. This is a sizable tax on the income of the farmers.

Mr. HAGEN of California. Yesterday, Mr. Shuman, one of the wit-

nesses read into the record the resolution of the California Farm Bureau Federation which, no doubt, reached you:

> We support the Cotton Producers Institute program in order to establish a permanent research and market development program designed to insure American cotton its fair share of world trade, to develop new cotton products and uses for cotton products, and to provide for adequate cotton research.

And then under "Special Commodity Programs," it states:

> Any commodity should have the democratic right to vote in a referendum, within their commodity, to bind themselves together for promotion programs and/or a marketing order, unless by a specific policy statement they have requested otherwise.

This, as I understand it, is the official position of the California Farm Bureau Federation.

Mr. SHUMAN. It was the official position. It is a recommendation from the California Farm Bureau that went to the convention of the American Farm Bureau Federation and was considered and when the voting delegates of the American Farm Bureau Federation took the action which is quoted in this testimony, that supersedes the recommendation of the California Farm Bureau Federation, unless the California Farm Bureau Federation files an official exception which we have not up to this date received.

Mr. HAGEN of California. In essence, the California Farm Bureau is being coerced in this instance?

Mr. SHUMAN. No, sir. This is the way that our democracy functions. You abide the decision of the majority. If the majority finally approves this bill, we will be forced to comply with it.

Mr. HAGEN of California. And if a fellow does not want to pay his assessment, he gets a refund?

Mr. SHUMAN. There is no similarity involved, as I see it, at all.

Mr. HAGEN of California. I say there is.

Mr. SHUMAN. This is not a policy decision. This is a compulsory checkoff. It would be an assessment. It would be an assessment.

Mr. HAGEN of California. I do not know how familiar you are with California and with the California Farm Bureau out there, but, for example, in the area of peaches we have a State marketing order which compels a farmer, if it is voted in, to knock off a certain percentage of the so-called green crop. This is supported by the California peachgrowers and the California Farm Bureau out there. We have similar provisions in other marketing orders.

Are you completely opposed to these types of action which the California Farm Bureau Federation supports?

Mr. SHUMAN. We have not taken a position on State marketing orders. We have opposed nationwide marketing orders very vigorously.

Mr. HAGEN of California. How do you justify this on a State level and not on a national level?

Mr. SHUMAN. Because we believe in State rights and the right of the State organization to develop policies on State matters. We do not try to tell a State organization what their position should be.

Mr. HAGEN of California. The National Farm Bureau or the American Farm Bureau Federation organization supports voting by individual States?

Mr. SHUMAN. We would not take a position on any State legislation. We would oppose any national legislation imposing national order agreements.

Mr. HAGEN of California. I am not being critical. I have great respect for your organization—it is so large and has such a big coverage that these commodity groups are sometimes not properly represented in it, because they can be outvoted on many occasions because they are commodity groups of individual members and so not have the organization that they should have, and, as I say, I am not being critical when I say that, but it is a vice with any large organization.

Mr. SHUMAN. This may be true.

Mr. HAGEN of California. You have made a pretty good argument here in favor of section 14(b). I am a lawyer. I know that lawyers have a closed shop. They have it because it is to their advantage, and there are many other segments of our economy, including trade unions, which have similar arrangements.

That is all.

Mr. SHUMAN. I do not think that attorneys have the right to make a deduction, a compulsory deduction.

Mr. HAGEN of California. Oh, yes—yes; the bar association is established under State law. I do not make a distinction between coercion at State level or at the Federal level. It is the same in both instances.

Mr. POAGE (presiding). Mr. Redlin.

Mr. REDLIN. I would like to enter into the record at this point the statement that as one of the sponsors of the North Dakota Wheat Commission bill, I was grateful for the very good support of the Farm Bureau in that particular instance. You have used the term of "compulsory deduction." There is a deduction per bushel of wheat. This is a very analogous situation, in that you must apply to get a refund if you do not want to participate, but you are automatically participating because handlers deduct so much per bushel to support the wheat commission's program in marketing and research.

I was very grateful for the attitude of the Farm Bureau at that time.

Mr. SHUMAN. Some of our States have supported compulsory State checkoffs for certain commodities; some have opposed them.

Mr. POAGE. Mr. O'Neal.

Mr. O'NEAL. Mr. Shuman, if I understand you then, at the expiration of 90 days if the State of Georgia has not filed any exception they will not be permited to support—or rather they will be required to oppose this bill?

Mr. SHUMAN. Automatically, they have agreed with it.

Mr. O'NEAL. They would be required to support your resolution of December of 1965?

Mr. SHUMAN. Yes, sir.

Mr. O'NEAL. But would they have a right to disagree as to whether or not this bill is in compliance with that resolution?

Mr. SHUMAN. Yes, sir. It is a free country.

Mr. O'NEAL. It is a free country.

Mr. SHUMAN. Yes, sir. They can disagree.

Mr. POAGE. If there are no further questions, we are very much obliged to you, Mr. Shuman. Though we sometimes find ourselves in disagreement, we are always glad to have the opportunity of hearing from you and your witnesses.

Mr. SHUMAN. Mr. Randolph has a very brief statement to present.

Mr. POAGE. We will be glad to hear from Mr. Randolph.

STATEMENT OF WALTER L. RANDOLPH, VICE PRESIDENT, AMERICAN FARM BUREAU FEDERATION, MONTGOMERY, ALA.

Mr. RANDOLPH. Mr. Chairman and gentlemen of the committee, I am Walter L. Randolph, vice president of the American Farm Bureau Federation, and I reside at Montgomery, Ala.

For 25 years I have been one of three producer delegates from Alabama to the National Cotton Council of America. For 15 years I served on the board of directors of such council. I have served on several of its committees as a member or chairman. For about 10 years I was the producer member of its executive committee.

My appreciation of the cotton council is full and complete. It has been a very valuable and important commodity organization, one of the finest, if not the best of its kind—vigorous, intelligent, independent—expressing the constructive views of its members in a free, clear voice.

The issue here today with respect to the cotton council is very simple: "To be or not to be," that is the question. If H.R. 12322 is passed, the cotton council as we have known it will also have passed. Its "enterprises of great pitch and moment" would with the enactment of this bill, "their currents turn away."

The funds collected under the proposed bill would be expended, as provided in section 7(g), by an organization similar to the Cotton Producers Institute. Such organization and the cotton council would be so intimately related that both would be under the control of the Secretary of Agriculture, that is, of the political party in power. This would be detrimental rather than helpful to research and promotion for cotton.

Under the referendum provisions of the bill, this change could be made by a minority of the cottongrowers.

Here is a table which I request be printed in the record.

Mr. POAGE. Without objection, it will be made a part of the record at the conclusion of your statement.

Mr. RANDOLPH. It shows for 1961 that 1,472 cotton farms had allotments of 500 acres or more, totaling 1,333,922 acres while 356,795 cotton farms had allotments of less than 5 acres totaling only 1,030,074 acres.

It shows also that 143,000 cotton farms out of a total 930,555 had at least two-thirds of the allotted acres. Those on 143,000 farms could, under the bill, voting by volume, outvote those on 787,555 farms.

In other words, 15 percent of the farms could vote the assessment on all of them.

There would, of course, be more farmers per farm on the larger farms, but because of mechanization and for other purposes, far less than proportionately.

I brought this out to show that under the provisions of this bill, the minority could levy this assessment under the provisions of this bill.

I concur fully in the statement made by President Shuman, and believe strongly that H.R. 12322 should be given serious consideration by this committee and defeated. It is very bad proposed legislation.

Mr. POAGE. Mr. Randolph, I believe from your figures that something like about 80 percent of the farmers could vote against the plan and it might still go in effect?

Mr. RANDOLPH. I did not get that.

Mr. POAGE. I mean that something like 20 percent could still carry the referendum, because they grew that amount of cotton. Is that right?

Mr. RANDOLPH. By volume, that is theoretically possible, yes.

(Table 1, presented by Mr. Randolph is as follows:)

TABLE 1.—*1961 upland cotton: U.S. summary by size of allotments*

ORIGINAL ALLOTMENT [1] (ACRES)

State	Total	Size of allotment								
		1–4.9	5–10	10.1–14.9	15–29.9	30–49.9	50–99.9	100–199.9	200–499.9	500 and over
Original allotment farms (number)	930,555	356,795	226,046	85,737	124,432	57,414	48,920	21,486	8,253	1,472
Total original allotment (acres)	18,451,501	1,030,074	1,589,160	1,051,402	2,574,822	2,200,395	3,373,754	2,933,759	2,364,213	1,333,922
Farms releasing entire 1961 allotment (number)	168,307	95,667	44,335	11,219	12,388	3,146	1,238	265	46	3
Farms releasing entire 1960 and 1961 allotment (number)	92,507	52,528	25,258	6,064	6,483	1,498	541	118	17	----------
Farms not planting any part of original allotment [2]	358,159	215,035	81,116	22,616	26,593	8,255	3,710	737	89	8

EFFECTIVE ALLOTMENT [3] (ACRES)

Effective allotment farms (number)	762,257	242,269	181,780	74,839	118,008	58,461	52,708	23,622	8,947	1,623
Total effective allotments (acres)	18,415,909	653,027	1,303,859	919,790	2,441,002	2,239,765	3,628,271	3,217,647	2,550,478	1,462,070
Total 1961 final actual planted acres	16,181,572	357,098	951,790	728,451	1,993,634	1,929,209	3,302,587	3,036,104	2,451,772	1,430,927
Effective allotment farms not planting (number)	189,852	119,368	36,781	11,397	14,205	5,109	2,472	472	43	5
Producers sharing in 1961 crop (number)	840,903	169,251	189,991	88,653	148,726	83,734	84,029	44,459	22,817	9,243

[1] Original allotments refer to those established for all farms prior to the release and reapportionment programs.

[2] Sum of farms from which entire allotments were released and the farms not releasing entire allotments but on which no cotton was planted.

[3] Effective allotments refer to those established for all farms after any adjustments in farm allotments resulting from the release and reapportionment program. These were the final allotments for compliance purposes.

Mr. POAGE. Now, then, let us put it this way: What would that 20 percent do? They could not force any of that 80 percent to pay anything. They could not impose any burden on the 80 percent that the 80 percent could not rid themselves of, could they?

Mr. RANDOLPH. Oh, yes.

Mr. POAGE. What could they impose on them?

Mr. RANDOLPH. He could be deprived of his money until he got the refund.

Mr. POAGE. So, you are here on the theory that we should destroy a great industry, or let it go to pot, which is where we are all agreeing it will go if we do not do something. I understand that the Farm Bureau is in full agreement with this committee that the cotton producers will go to pot unless we carry on research.

It is perfectly clear that we are not getting research from the Federal Government. We passed a bill here just a year and a half ago providing for $10 million for research, and it is not being made available. We are all in agreement that unless we get it somehow or other that we will not make a success of cotton. Just what actual hurt would befall any one of these 80 percent?

Mr. RANDOLPH. He would be forced to make the payment.

Mr. POAGE. Now, figure it out. These fellows who grow an average of about 4 bales of cotton—do they not? The 80 percent that you are talking about.

Mr. RANDOLPH. I think, as Mr. Shuman has pointed out here before, on this matter of the refund, and so on, that it is not the major objection.

Mr. POAGE. That is not the point. I asked you a question, and you have gone over into something else. Let us stay right with what I am asking about. How about the 80 percent? How are they going to be hurt? You shed tears for the 80 percent today. I want to know how about the 80 percent, how they get hurt, and how badly are they going to be hurt?

Mr. RANDOLPH. I am not shedding any tears right now.

Mr. POAGE. Wait a minute. Right or wrong. Just how bad will the 80 percent be hurt? What is their average production of the 80 percent that you are crying about?

Mr. RANDOLPH. What is the average production? I do not know. That table might reveal it, sir.

Mr. POAGE. All right. It could be 10 bales, but I would doubt it. But let us be liberal.

Mr. RANDOLPH. Well, 10 bales—the 10-bale man is just as important as the man with 1,000 bales.

Mr. POAGE. It cannot be more than 10 bales. That is better than the average, the national average.

Mr. RANDOLPH. As a matter of fact it includes 15- to 29.9-bale people.

Mr. POAGE. What is the average production of these people that you are crying about?

Mr. RANDOLPH. I do not have the average.

Mr. POAGE. You do not know. It is somewhere around, let us say, 5 bales. That would not miss it very far.

Mr. RANDOLPH. I think it would; yes.

Mr. POAGE. Which way?

Mr. RANDOLPH. I think it is probably low.

Mr. Poage, I am going to let you call it whatever you want to call it. I do not know.

Mr. POAGE. But you are the one that raised the question about how many of these people would be hurt, but you do not know how badly they would be hurt.

Mr. RANDOLPH. I do not think that I did. I think that you are the one that raised the question.

Mr. POAGE. You are the one that testified here.

Mr. RANDOLPH. All right.

Mr. POAGE. You are the one who testified that these growers who you feel will want their money back are going to be hurt by the loss of the use of their money—in other words by interest.

Mr. RANDOLPH. I did not mean to argue with the chairman; I accept your ruling.

Mr. POAGE. It is not a ruling. There is no ruling. You just take your testimony and read it again.

Mr. RANDOLPH. Read it again?

Mr. POAGE. Yes. Let us read it. You did not talk about somebody being denied their right, or did you?

Mr. RANDOLPH. That is not in the written part.

Mr. POAGE. All right, then.

Mr. RANDOLPH. I cannot read it, then?

Mr. POAGE. Mr. Randolph, let us make it clear, that you have talked about somebody was going to be badly hurt here, denied their rights, because George Mahon's farmers voted against them——

Mr. RANDOLPH. Let me— Go ahead.

Mr. POAGE. All right, let us see how he is going to be hurt. If they grow 100 bales of cotton, that is far above the average even in California——

Mr. RANDOLPH. They would be plenty hurt like this: Suppose that you were running for office and you had a rule under which 20 percent of the voters could vote for your opponent and elect him; that would be quite serious.

Mr. POAGE. If they elect him, you are exactly right. If they can elect him. They cannot elect him, I am not hurt. Under this, 20 percent cannot elect. if the 80 percent votes "No."

Mr. RANDOLPH. They can collect it under this bill; they can collect it.

Mr. POAGE. But they can get this money back in 30 days.

Mr. RANDOLPH. That is what the bill says.

Mr. POAGE. That is what the bill says, all right. If the farmer who votes against the program has 10 bales of cotton he can be assessed $10. He is out $10. Possibly for as long as 30 days, no longer. If he got 5 percent on the $10; that is, 50 cents per year, and you divide that by 12, and he has a possible loss, he could theoretically, under every possible circumstance, have a loss of just over 4 cents—the cost of postage on a postal card.

Mr. RANDOLPH. Well, if you knew who voted or who collected it— I do not know whether he would know that or not.

Mr. POAGE. Mr. Randolph, you are telling us, like Mr. Shuman did, that there is not any way that we can correct this bill whereby you would agree with it?

Mr. RANDOLPH. My objection is to compulsory checkoffs, and if you correct this bill to the point where you do not have a compulsory checkoff, you would not want it.

Mr. POAGE. Would you like to have it so that that man can get his money today—that is, the day he brings his cotton in—so that he would not have any theoretical possibility of losing? Would that help you any?

Mr. RANDOLPH. It would not get my support for this bill.

Mr. POAGE. I did not think it would. So you are not trying to improve this bill. You are simply trying to find some way in which you can offer criticism, whether it is substantial or whether it is not, are you not?

Mr. RANDOLPH. No, sir; I am not.

Mr. POAGE. That is not the point—that is not the point. You are seeking to find anything to which you can offer an objection, even though it has no substantial basis.

Mr. RANDOLPH. Well, now, let me say this: An election whereby 20 percent—that is your figure; I do not know just what it would be, but if a minority can force its will on the majority it does not seem to me to be inconsequential.

Mr. POAGE. It does not seem that way to anybody, if the minority could force their will on the majority, but the very point is that under this, nobody can force his will on anybody. I do not see that we would need have any referendum at all. Each farmer votes for his own wishes by his own actions. I believe in letting the cotton farmers vote their own judgment by giving him the right to get a refund if he wants it. I would let each one of them make his own decision, and when each makes his own decision, it does not make any difference to me whether Mr. Hagan's people have a majority of the production or not. I will not have to lose anything by their decision. I cannot be bothered what his people have to say about it; I do not have a single thing to lose, as I see it, under the terms of this bill, and neither does anybody else in the Cotton Belt have anything to lose if he does not want to lose it. He has a perfect right to contribute if he wants so to do.

Mr. BELCHER. Will you yield?

Mr. POAGE. Yes.

Mr. BELCHER. Why all of this argument about why the Farm Bureau opposes this bill? I think Mr. Shuman made it completely clear that he does not think anything in the world will do anything for cotton except repeal of the present program.

Mr. POAGE. Mr. Hagan.

Mr. HAGEN of California. In that connection, what would you substitute? You propose a level of support geared to a prior 3-year price average but you would still have controls.

Mr. SHUMAN. Mr. Chairman, might I answer that?

Mr. POAGE. Yes, sir.

Mr. SHUMAN. There have been some tremendous mistakes made in the last few years, and I think every person in this room knows that. I could take 10 minutes to go back and recount them, starting in 1961 with the establishment of the 34-cent price support for cotton, coming right on down to the mill subsidy mill, and the act of 1965.

Now, if this committee wants to consider constructive legislation that will move us gradually but surely toward the restoration of the market price system on cotton, we will be ready to make suggestions and to appear here to do so. I do not think that there is any panacea that can correct the sickness in cotton, and that the industry is doomed until this kind of action is taken. And you cannot bail out the failure of a Government program—a failure caused by trying to fix prices—you cannot bail it out by research and promotion. That is absolutely. It has been tried before, and it never has succeeded. The only way that research and promotion will be effective is if it is accompanied by a market price for cotton. That is another argument.

I think that Mr. Randolph's statement is very good where he emphasized that there is damage done and it is done because this bill threatens the destruction of the existing institutions which have been working effectively for the cotton producers. And I mean by that, the National Cotton Council and the Cotton Producers Institute. This bill will destroy these institutions.

Mr. BELCHER. As I understand your position, it is that no amount of propaganda, promotion or anything else will sell cotton to the consumers at a price that they will not pay.

Mr. SHUMAN. That is correct. I do not mean to imply that the present program is not good. This young lady that was here does a good job. And a lot of research and promotion is money well spent; we support it, and we will go out and help to get more, but you cannot cure the basic sickness just merely by research and promotion.

Mr. POAGE. Are there any further questions?

If not, we are very much obliged to you, Mr. Shuman and Mr. Randolph.

Mr. RANDOLPH. Might I call on these gentlemen, just to stand where they are and express a few words? They have come quite a ways.

Mr. POAGE. We will come back here at 3 o'clock this afternoon. We want to hear them. As I say, we will come back at 3 o'clock for that purpose this afternoon. We will then hear them, and anyone else that you want to present.

Mr. SHUMAN. It will probably be necessary for me to leave, but they will be here.

Mr. POAGE. We understand that; that is perfectly all right.

Mr. SHUMAN. If there is no objection, I would like to enter into the record a statement from Mr. Clyde M. York, president, Tennessee Farm Bureau Federation, on this legislation.

Mr. POAGE. Without objection, that will be made a part of the record at this point.

(The prepared statement of Clyde M. York, president, Tennessee Farm Bureau Federation, follows:)

STATEMENT OF CLYDE M. YORK, PRESIDENT, TENNESSEE FARM BUREAU

For 40 years the Tennessee Farm Bureau has given its full support to all efforts in behalf of research and promotion for cotton that were conducted on a voluntary basis as it relates to the choice of the individual farmer and where funds collected for this purpose have been administered by an organization of producers. Likewise we have supported appropriation of public funds for these purposes and have recognized that expenditure of public funds so appropriated must be supervised by appropriate agencies of government responsible for them. There is every indication that members of the organization will continue its support along these lines.

However, our membership opposes the collection of private funds from individual growers to be administered or supervised by public agencies as provided for in H.R. 12322. Even if they were not opposed in principle to this approach, they would object to a legislated approach to this matter which provides for growers to bear a disproportionate share of the cost of a research and promotion program which, if it has value, will benefit all segments of the cotton industry.

We, therefore, pledge our continued support of worthwhile and acceptable efforts at wholly voluntary financing of research and promotion for cotton. We oppose the enactment of H.R. 12322 and will appreciate the committee giving consideration to these our views.

Mr. SHUMAN. I do appreciate this opportunity.

Mr. POAGE. Thank you.

The committee will stand in recess until 3 o'clock this afternoon.

(Whereupon, at 12:10 p.m., a recess was taken until 3 p.m., this same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will be in order.

I want to explain to you gentlemen why we have been delayed starting. The fact is that we have a rollcall going on in the House right at the moment. All the Members have answered the rollcall and I am sure that many of them will come in as these hearings proceed.

I am going to call now, Mr. C. H. DeVancy. We are very glad to have you, Mr. DeVancy.

STATEMENT OF C. H. DeVANCY, PRESIDENT, TEXAS FARM BUREAU

Mr. DEVANCY. I thank you, Mr. Chairman.

I am C. H. DeVancy, president of the Texas Farm Bureau, a dryland cotton producer from Tahoka, Tex., ont in South Plains. I worked to build the National Cotton Council for the last 20 years, along with our Farm Bureau work. I have been a producer-delegate to the National Cotton Council for over 15 years. I was on the founders committee and steering committee of CPI for the west Texas area. Now, my fear here today, is that we are in a position of destroying these great organizations, no matter which way we turn.

If the legislation passes, producers will not continue CPI contribntions. The producers have contributed some 60 or 70 percent of the National Cotton Council budget over the years. I believe they will be reluctant to continue this, since the research and promotion work will be done by the new cotton board.

I can see no reason to contribute 20 cents a bale to promote a legislative program that is determined by others than producers. If it does not pass, the proponents tell us that these programs will die.

The Texas Farm Bureau has supported the National Cotton Council in CPI and will continue if they are a voluntary program.

There is an impression apparently that has been left here this morning that maybe the resolution, as presented by Mr. Shuman or the postion of the Farm Bureau, was taken prior to their knowledge of this legislation. Well, as far as Texas is concerned, that is not so. As Mr. Poage mentioned this morning, the original draft of the bill looked much better than this one. But the original draft was considered by our delegates, by the county farm bureaus, prior to our State convention in November, and the resolutions coming in from

the county would run some 4 or 5 to 1 in opposition to the original program, that is a mandatory program. This was discussed at our State convention, and a position almost identical to that of the American Farm Bureau was taken there.

Then this proposal was discussed at the American Farm Bureau convention, and in the light of this proposed legislation, and there the voting delegates without a dissenting vote adopted the position as presented here.

Following the meeting of the cotton council in Jacksonville last week, we attended three regional meetings in Texas, one in Lubbock, one in Dallas, and one in San Antonio. In these meetings there were leaders from some 80 or 85 county farm bureaus of our 200 in the State. This proposal was presented to them there, a brief résumé of it, and the only reaction that we received to this proposal was that they would oppose it.

So in conclusion, I feel like that the farmers, the cotton farmers in Texas, in the Farm Bureau, will fight this proposal in the referendum or anywhere else.

It is a real pleasure to be here, and we would urge you to consider this, and then defeat this proposal.

Thank you.

The CHAIRMAN. Thank you very much, sir.

Mr. GATHINGS. Let me ask a question, Mr. Chairman.

The CHAIRMAN. Yes, go ahead.

Mr. GATHINGS. What do you think the comment would be in the State of Texas with respect to the vote on this referendum if it would come up?

Mr. DEVANCY. I believe it would be defeated, Mr. Gathings.

Mr. GATHINGS. You mean there would be more votes cast against it.

Mr. DEVANCY. Yes, sir.

Mr. GATHINGS. And that it would fail.

Mr. DEVANCY. I think it would be defeated either volumewise or votewise, individual producerwise, because our first meeting was in the Lubbock area, and this is where primarily the biggest cotton producing area is, and where the largest volume is produced, and this was cotton farmers from that area that were in this meeting, and they resented this type of legislation.

The CHAIRMAN. You referred to voluntary efforts in the field of research and promotion, and you mentioned the Cotton Council and the Cotton Institute. These two organizations have been in existence for quite some time, have they not?

Mr. DEVANCY. Yes, sir.

The CHAIRMAN. And they have accomplished practically nothing.

Mr. DEVANCY. I would not say that, no, sir.

The CHAIRMAN. How much have you increased your contributions, voluntary contributions, in the last 2 years? It has gone the other way, has it not? It has decreased.

Mr. DEVANCY. I believe the report last year, at least we were informed that it was an increase when you add CPI to NCC. Now I do believe that the contribution to the National Cotton Council has gone down.

The CHAIRMAN. If I understand it, you have just about held your own or gone backwards instead of forward.

Mr. DeVancy. I would like to elaborate just a little bit on that. Through the years the Farm Bureau and the cotton council people working together have built the National Cotton Council, and it was a slow growth, and we worked together as two organizations working together all the time. Our staff, our leaders, and all work together. That is the way we built the National Cotton Council.

The CPI was started in the same way. And then just about the time we got started in CPI, the countcil took positions in opposition to the Farm Bureau.

The Chairman. I have some figures here. Take the State of Arkansas, they got $209,000 in 1963; $166,000 in 1964. That shows a decrease in the contribution. But for a contribution of $800,000 from co-ops in west Texas, the CPI would have shown a decrease; is that not right?

Mr. DeVancy. Yes, sir; that is the point I wanted to make. The position of the Council on Farm Legislation in my estimation caused this decrease in the participation by the farmers in those areas there. They found themselves contributing to one organization, and that money being used to fight them on policies of another organization, and that the policies were developed only by producers.

The Chairman. Who was it that presented the $800,000, Mr. Davis?

Mr. DeVancy. It was the Plains Co-op Oil Mill and their marketing association and their warehousing.

The Chairman. Do you think that was a voluntary contribution?

Mr. DeVancy. There were some of the people who did not think it was.

The Chairman. In other words, the co-op directors authorized the money.

Mr. DeVancy. Right.

The Chairman. They did not consult each individual cotton farmer did they?

Mr. DeVancy. That is right, and some of them objected to it.

The Chairman. They did not get their money back.

Mr. DeVancy. No, there was no way they could do it.

The Chairman. We provide a refund here.

All right, thank you very much.

Mr. DeVancy. Thank you.

Mr. Poage. Yes, but didn't the Plains Cotton Co-op make it real plain that they would not put up this money next year unless they got this legislation?

Mr. DeVancy. As I understand it, Congressman, they had a committee to study this this last year, and their recommendation to the board of the cooperative was that they stay with it through this year. Then it would take further action of the board to decide that.

Mr. Poage. And they are supporting this legislation, are they not?

Mr. DeVancy. I do not believe they testified here, but I think Roy, in my talking with him, he is in favor of it.

Mr. Poage. I thought so.

Mr. DeVancy. I am sure he would be speaking for it.

Mr. Gathings. Mr. Chairman.

The Chairman. Yes, sir.

Mr. Gathings. Has there not been a breakthrough in connection with research on men's trousers?

Mr. DeVancy. Yes, sir; I think so.

Mr. Gathings. And was not that the result of some of the work of the CPI?

Mr. DeVancy. Yes, sir. That was the point I made in answer to the chairman's question a while ago. I think the National Cotton Council and the CPI has done a lot of good.

The Chairman. You have not done enough good though, have you?

Mr. DeVancy. Apparently we have not.

The Chairman. Thank you very much.

Mr. Huddleston, I have been requested to call you out of order. We are very glad to have you, Mr. Huddleston.

STATEMENT OF H. H. HUDDLESTON, VICE PRESIDENT, MISSISSIPPI FARM BUREAU

Mr. Huddleston. Thank you, Mr. Chairman.

Mr. Chairman and gentlemen of this committee, I am H. H. Huddleston, vice president of the Mississippi Farm Bureau from Lamont, Miss., where I have lived and farmed for 33 years. I am here at the request of the president of our State organization, who was prevented from being here on account of a scheduled board of directors meeting. I would like to file his prepared statement here if there are no objections.

The Chairman. There are no objections. Just hand it to the reporter.

(The statement referred to follows:)

Jackson, Miss., *February 4, 1966.*

Hon. Harold Cooley,
Chairman, House Agricultural Committee,
Washington, D.C.

Gentlemen: I am Boswell Stevens, president of Mississippi Farm Bureau Federation, with a membership of more than 60,000 farm families. I have been president since 1950, and have been associated with the Farm Bureau since 1923.

We in Mississippi use the delegate system of representation from our 82 county farm bureaus. We also use a 20-man resolutions committee, which is selected from every section of the State, who meet for several days 6 weeks before the annual meeting to propose resolutions that will be sent to the delegation body. These proposals are sent to each county farm bureau for their study prior to the time they will be asked to vote for, against, amend or delete any part or sections. At the business session of the anual meeting, the resolutions committee had proposed a voluntary approach to financing the National Cotton Council and Cotton Producers Institute. There were certain people who thought that this should be changed. There was a second meeting of the resolutions committee, at which time the staff of the council was allowed to present a program of the council and Cotton Producers Institute directed toward making a contribution of a mandatory nature. After the presentation, the resolutions committee members voted 17 to 2 to present to the 190 delegates the following language:

"NATIONAL COTTON COUNCIL AND COTTON PRODUCERS INSTITUTE

"We commend the National Cotton Council of America for performing outstanding, unique service through cotton promotion, advertising, education, and utilization research. We urge further efforts in a combined industry program to increase cotton consumption and expand markets.

"We call attention to and support self-help opportunities offered cotton farmers through the Cotton Producers Institute's program to provide needed funds for cotton promotion and research. We recommend increased voluntary support for this program and urge participation by all State cottongrowers.

Promotion of agricultural commodities

"The Mississippi Farm Bureau Federation, through its county farm bureaus, should stimulate interest among farmers and urge increased support for sound, well-coordinated programs to promote the increased sale and consumption of farm products without duplication of effort.

"Where well established, nationally recognized organizations are carrying out industrywide promotion programs on a well-coordinated basis with adequate producer representation, we continue to support and help improve them.

"Promotion programs need periodic review to determine their effectiveness. Participating producers and their organizations should be encouraged to seek an evaluation of these programs and to recommend improvements.

"We believe that any funds raised for the purpose of promoting the sale of farm commodities should be collected on a voluntary basis, administered by a nongovernmental organization of producers—with handlers and processors included where it is mutually agreed that they should be included—through its board or committee, and used solely for the specific purposes for which collected and not for legislative or political activities.

"We define a voluntary checkoff as one using a per unit basis following written consent of the producer and subject to revocation at any time by the producer."

Thirty-eight years ago, Oscar Johnston, the founder of the National Cotton Council, called on me to help him organize the cotton council. I spent many days and weeks traveling with Oscar, making many meetings, telling the story of the National Cotton Council. At the organizational meeting, I was elected a producer member of the board of directors, and served in that capacity until 1960, when I was elected president of the National Cotton Council. Under the bylaws, I was elevated to chairman of the board and have served since that time as an adviser to the board.

During my tenure of office as president of the council, through the cooperation of producers from coast to coast and the study of a committee, the Cotton Producers Institute was organized. This was to be a voluntary contribution of $1 per bale from the producers. There was never any thought given to a mandatory program. The program was begun in the West, moved into the Central States, and then into the eastern producing States. More than $3 million per year was collected on a voluntary program and in my opinion had we kept it on strictly a voluntary basis, the amount of collections would have increased. Farmers became aware of the thought that was being given to mandatory collection of a minimum of $1 per bale. This, along with other factors, began to cause competition among the collection agencies. Some would say they would collect and others would not.

I continue to believe that if it was known that no serious consideration was being given to legislation almost forcing the producers to make a contribution, that farm organizations, cooperating with the CPI and NCC, could convince farmers for their self-preservation they must make the needed contribution.

Mr. Chairman, we have reviewed the bill introduced by you on January 26, H.R. 12322. This proposal gives the Secretary of Agriculture, whoever he may be, unprecedented powers. I call your attention to the fact that he must approve every program that is proposed whether it be for promotion or research. He must approve all agencies, he is allowed to appoint representatives if he believes that any area or segment is not being properly represented, and though the bill provides that if a cotton producer desires a refund of the contribution he has made he can do so, the provisions are cumbersome and embarrassing, and he is to be named in a public record, and furthermore he is disqualified to vote in any other referendum unless he is willing to pay all past assessments against his cotton.

We must, by action of our delegate body, oppose this type of legislation forcing the farmer to make a contribution regardless of his wishes.

BOSWELL STEVENS,
President, Mississippi Farm Bureau Federation.

Mr. HUDDLESTON. I want to confine my remarks to a local or personal situation because apparently we have pretty well plowed the other parts of the field.

It is with some reluctance that I am here to register opposition to this legislation, because I have been participating in the Cotton

Council program and the CPI program from its beginning. In fact, the last 3 years I have personally put about $800 a year in this program, and I think while there may not be the most desirable results, I think that they have been very beneficial.

I also happen to be and have been for some 30 years, an officer and director of our local gin organization. Last year we ginned about 10,000 bales of cotton. Through the efforts of three of us and maybe the fourth one, we managed to collect on about a third of that cotton in CPI.

Now here is where it gets into my concern. Of those friends and neighbors of ours that we prevailed on to join in the cotton producers programs, two of them, for reasons of their own, saw fit to withdraw. I happen to know what those reasons are. But I live with those people. I work with those people. They are my neighbors. And how I, in good faith, could support a program which, while it might be questionable, in my judgment it is compulsory, to force them to reverse the very best considered judgment that they possess is beyond me.

Let me add here——

The CHAIRMAN. Excuse me. Are you free to tell us why they withdrew?

Mr. HUDDLESTON. Yes, sir.

The CHAIRMAN. Give us the reason.

Mr. HUDDLESTON. They had bought some land at a pretty fancy figure, as you can imagine, in that delta section, and they considered that the $700, $800, or $900, or $1,000 that they might have paid into the program, that they needed it worse than the CPI program.

The CHAIRMAN. That was purely a business decision.

Mr. HUDDLESTON. Absolutely, and how I could retain the friendship and neighborliness of those fellows and go there and try to persuade them that they have done the wrong thing——

The CHAIRMAN. Well, maybe they did not think they were getting their money's worth. What about your own case? You said you put up $800 in the voluntarly program. Why would you not put $800 into this program if your cottongrowers all over the country put in $10 or $12 million?

Mr. HUDDLESTON. Well, there are many reasons, and I have been an individual for a long time. In fact I recognize the value of a membership in a church. But I would hate awful bad to be told that that is what I would have to do.

The CHAIRMAN. Do you understand you can ask for a refund, if you put $800 in and you want it back?

Mr. HUDDLESTON. Yes, sir, perfectly; and I also understand and I was subjected to all manner of opposition to the insertion in our State and county policy of the word "voluntary" by our own friends and our own colleagues in the Cotton Council. That continued over a period of 2 or 2½ months, and that is why I conclude in my judgment that it is not considered a voluntary program, and I resent compulsion.

The CHAIRMAN. What is there compulsory about this program? I want you to point it out.

Mr. HUDDLESTON. Well, I do not know that it is right to answer a question with a question, but the only thing voluntary, sir, is the request for a refund. You do have the privilege of asking for a refund.

The CHAIRMAN. That is right.

Mr. HUDDLESTON. Or else refusing to ask for a refund. You have little or no jurisdiction over whether or not the dollar is deducted under this proposal.

The CHAIRMAN. In the resolution referred to in the testimony by Mr. Shuman, pointed out by Mr. Poage on page 4 of his testimony, he goes ahead and approves the idea of a refund, and even mentions assessments. This is the resolution of the American Farm Bureau that was approved. Now if it was approved in that resolution, I cannot understand why the word "refund" here is so obnoxious.

Mr. HUDDLESTON. Of course, the reason I tried to confine my remarks to my personal experience is because I do not feel equal to answering Mr. Shuman's questions.

The CHAIRMAN. I do not, either, because I cannot answer his questions, and I do not think he has given a good answer to us.

Mr. RANDOLPH. I know you did not.

The CHAIRMAN. You have not asked for your $800 refund back from the Cotton Council and this other organization, have you?

Mr. HUDDLESTON. No, sir; and I do not intend to.

The CHAIRMAN. The answer is, you can get it back.

Mr. HUDDLESTON. I say I do not intend to unless they tell me that is what I have got to do.

The CHAIRMAN. But if you did ask for it, you would not get it, would you?

Mr. HUDDLESTON. Not likely.

The CHAIRMAN. That is right; but under this bill, if you put it in there and you are unhappy about it, you ask for it back.

Mr. HUDDLESTON. I did not enter into this program for a refund.

The CHAIRMAN. What?

Mr. HUDDLESTON. I did not enter into the previous program anticipating a refund.

The CHAIRMAN. I would hope that you would not enter in this one anticipating a request for a refund. But to sum it all up, it seems to me that you all talk about voluntary efforts, but you have to admit that we have not gotten the job done. Here $200 million a year is spent on other research and we are spending a paltry sum.

Mr. HUDDLESTON. Let me express a personal opinion here, sir. I do not think any amount of money for research and promotion, spent for research and promotion, will reverse the problem that we are facing in cotton alone. There is a volume factor that I recognize but do not feel qualified to deal with at any length that is essential to the economy of cotton.

The CHAIRMAN. Let me just ask you one other question. Why do you think the contributions dropped off in Arkansas in 1963 from $209,000 down to $166,000 in 1964?

Mr. HUDDLESTON. Of course, that is an opinion that would be purely a personal opinion.

The CHAIRMAN. What is your personal opinion as to why it happened?

Mr. HUDDLESTON. If it dropped off in Mississippi, I might have a better reason to answer it. But I am not familiar as to what the total was.

The CHAIRMAN. All right, Arkansas is well represented on this committee by one of the finest Congressmen I have ever known. He is chairman of the Cotton Subcommittee. He is intensely interested in the welfare of cotton farmers and in cotton as a commodity. And if they thought that you were doing the job that should be done, it seems to me that there should be a major contribution, rather than decreasing it.

Mr. HUDDLESTON. Well, I have an answer. Whether it applies to Arkansas would be in question. Mr. DeVancy, I think, made reference to a division in our ranks between Farm Bureau organizations and the Cotton Council boys, and probably that had a considerable bearing on the enthusiasm or participation, or whatever you might call it, in these programs. That is a mere guess.

Mr. POAGE. Mr. Huddleston.

Mr. HUDDLESTON. Yes, sir.

Mr. POAGE. Is it not a fact that as long as you retain the present program, that you have such competition between the gins that it forces first one and then another gin out of the program?

Mr. HUDDLESTON. I do not think there is any question but what this, sir, if you realize that a gin on this side of the road would return a dollar bill more seed money than the one across the road, it would be an item in competition; yes, sir.

Mr. POAGE. And as long as the gins have the option, they cannot protect themselves, can they?

Mr. HUDDLESTON. Not likely.

Mr. POAGE. But if each gin made that deduction, then no gin could come in and say he was conducting a fire sale and that you could get your cotton ginned for $1 less at that particular gin. It is true you could get your dollar back in either gin, but no gin would be in a position then to say that he was giving you a dollar reduction; is that not right?

Mr. HUDDLESTON. That is true.

Mr. POAGE. And is that not exactly what this bill tries to do—to enable every gin in the United States to make this collection without destroying its own business?

Mr. HUDDLESTON. It probably is, but let me add this now, since this has been opened up. In my personal judgment this is not the sole recourse that the cotton industry has as far as financing a program. Now I suggested to some of the Cotton Council fellows, let us subject more of our growers to the same excellent sales pitch that convinced me it was a good proposition to buy it. Let us accentuate the positive. Let us work this thing in a salesmanship way, so that when you would win a contribution to this program, having won him you would not have to browbeat him to collect and then chase him to death to get your money back.

Mr. POAGE. Mr. Huddleston, I come back to the practical method of collecting. If you will assume a farmer in my country who wants to contribute, who feels that this is a good thing, as many do feel that it is a good thing, and who would have no objection to having a dollar taken off of each bale. Now Mr. Jones is running a gin over here, only 3 miles away, and he says, "I will do your ginning without making that deduction." In effect he is ginning it for $1 a bale less than Mr.

Teague is ginning it for over here. Now, is there not considerable pressure on that cottongrower sitting here where Mr. Gathings is, in between them, is there not considerable pressure on him to haul his cotton over there and get it ginned for $1 a bale less?

Mr. HUDDLESTON. I would not even question that statement, sir.

Mr. POAGE. And have not a great many cotton farmers done exactly that in the last 2 or 3 years?

Mr. HUDDLESTON. I am told that.

Mr. POAGE. Following it just a little step further, Mr. Jones has quit the program this year. Do you think that Mr. Teague is going to charge that dollar next year?

Mr. HUDDLESTON. Well, now, you are working around to an answer that I would be glad to give you.

Mr. POAGE. I am not working around to anything. I am just asking you do you think that Mr. Teague's gin is going to charge that extra dollar next year, after seeing Mr. Jones' gin pick up this business this year?

Mr. HUDDLESTON. Congressman, I would not even argue the point with you. It is too obvious, the results, the conclusion.

Mr. POAGE. All right, if it is obvious, then we must admit that the whole existing program has broken down, must we not?

Mr. HUDDLESTON. If there is a weakness in the program, that is it.

Mr. POAGE. And that weakness does not go to the question of whether the individual farmer is interested in promotion or not, but it goes to the competitive situation between the gins, and that competitive situation between the gins is accentuated as our cotton crop is reduced; as we retire 35 percent of our acreage and put some more of it in the soil bank, there is going to be less cotton for Mr. Jones to gin and for Mr. Teague to gin, and if they are going to keep their gins open, the economic pressure is on them to make still further inducements, is it not?

Mr. HUDDLESTON. Yes, sir.

Mr. POAGE. And they are now placed in a position where they have less opportunity to cooperate with the cotton council than they ever had in the history of ginning, have they not?

Mr. HUDDLESTON. Yes, sir.

Mr. POAGE. Now should we not recognize those facts of life and should we not meet those conditions that have developed in the last few years?

Mr. HUDDLESTON. We have got to meet them, but not in this way.

Mr. POAGE. How do you suggest we meet them?

Mr. HUDDLESTON. As I suggested a while ago. If we can do a job of selling on the individual or group cotton farmers, that is why I bought the program in the beginning, because I was shown the facts, and I was convinced that that was a worthy undertaking. I am one of their supporters, strong supporters. That is the weakness in this whole compulsory proposition, in my judgment, is one of compelling a person to do something in his own mind which he has decided he is not willing to do.

Mr. POAGE. The reason that gin—the reason Mr. Teague is not willing to go on in making that deduction is because Mr. Jones ceased to make it a year ago. That is right, is it not?

Mr. HUDDLESTON. Yes, sir.

Mr. POAGE. It is a competitive situation. And once one gin in the United States starts the reduction, it has to spread, does it not?

Mr. HUDDLESTON. There is no question there is a competitive factor there.

Mr. POAGE. And that competitive factor is far more severe right now than it has ever been in our history, is it not?

Mr. HUDDLESTON. Yes, sir.

Mr. POAGE. In ginning.

Mr. HUDDLESTON. And that is where this question of volume that I mentioned a while ago comes into the picture.

Mr. POAGE. The question of what?

Mr. HUDDLESTON. The question of a volume.

Mr. POAGE. Yes, that is where the question of volume comes in.

Mr. HUDDLESTON. That is right.

Mr. POAGE. And we all know that the volume for each and every gin in the United States is going to be rather materially reduced this next year.

Mr. HUDDLESTON. No question about that.

Mr. POAGE. That being true—and we know that the pressure is going to be on to get out of the program—should we not take some steps, now, to get a workable program?

Mr. HUDDLESTON. Mr. Poage, I happen to live 10 miles from town and a mile from the highway, and somehow or other I have failed to acquire this atmosphere of compulsion that some people have undoubtedly taken under their wing.

Now I have a hard enough time making my children do what I want done, and frankly I indulge in just as few programs as I know how to indulge in where I have to do something that does not meet with my judgment and satisfaction, and in my judgment this proposal would make many people do things that they in their best judgment do not consider they should do.

The CHAIRMAN. Such as what?

Mr. POAGE. Yes.

The CHAIRMAN. Such as what? What does this program make the cotton farmer do that he ought not to do?

Mr. HUDDLESTON. Well, I thought that had been pretty well covered. They deduct $1 a bale of his cotton.

The CHAIRMAN. Yes.

Mr. HUDDLESTON. Of course he has recourse to recover it. I will grant you that. The escape is there. But he has no choice as to whether or not that $1 a bale is deducted from that cotton, the sale of that cotton, or the loan value of that cotton, if I understand it correctly.

The CHAIRMAN. That is right.

Mr. POAGE. Now you just pointed out that that is essential to prevent this competitive situation from developing between these gins. But how is the farmer hurt? I come to you. This morning I questioned Mr. Randolph a little. We were trying to adjourn, and I admit my mental arithmetic was not real sharp, but I think I got over to most of you what is involved here. Now will you tell us just how this farmer is hurt?

Mr. HUDDLESTON. Well, I enjoyed your arithmetic on that.

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Mr. POAGE. I know you enjoyed it. Let us get the correct arithmetic now.

Mr. HUDDLESTON. I enjoyed that arithmetic.

Mr. POAGE. Let us get the correct arithmetic now.

Mr. HUDDLESTON. And the source of that 5-percent money is interesting.

Mr. POAGE. Let us get the correct arithmetic. What interest rate do you pay? You borrow money, do you not?

Mr. HUDDLESTON. No, sir.

Mr. POAGE. I do.

Mr. HUDDLESTON. I do not.

Mr. POAGE. Well, I do. I am paying 6½ percent.

Mr. HUDDLESTON. Well, you are in a pretty good bracket.

Mr. POAGE. Well, I have got a pretty good salary. I do not think I would get it if I did not have a pretty good salary, but I have got a pretty good salary and my credit entitles me to get 6½-percent money from the citizen bank at Waco.

Mr. HUDDLESTON. That is fine.

Mr. POAGE. And I get it. Now let us use 6½.

Mr. HUDDLESTON. Well, 6 percent figures easier.

Mr. POAGE. What is that?

Mr. HUDDLESTON. Six percent figures easier.

Mr. POAGE. Yes.

Mr. HUDDLESTON. That is half a cent on a dollar a month.

Mr. POAGE. It figures a good deal easier.

Now, you are a big cottongrower, are you not?

Mr. HUDDLESTON. I am, on delta standards, a small cottongrower.

Mr. POAGE. Well, on American standards you are a big one. You grow 800 bales, do you not?

Mr. HUDDLESTON. No, sir.

Mr. POAGE. You said you contributed $800.

Mr. HUDDLESTON. Well, 800 bales but not that many acres; yes, sir.

Mr. POAGE. What is that?

Mr. HUDDLESTON. That many bales but not that many acres.

Mr. POAGE. I said 800 bales.

Mr. HUDDLESTON. Well, I am sorry.

Mr. POAGE. You grow 800 bales of cotton. Now that is many many times the average production in the United States, many times the average production. You are going to put in $800. That is all you are going to put in, is it not, $1 per bale? That is $800. Now, the interest on that at 6 percent, is that $48 a year?

Mr. HUDDLESTON. It is $4 a month.

Mr. POAGE. $48 a year, that is right. Now that is $4 a month. You get your money back. Now you, as one of the biggest in the country, you could lose $4. This man who puts in 10 bales would be about the average, it would cost him just over 4 cents, between 4 and 5 cents, something less than a nickel. Now, that is how bad he is to be hurt, is it not?

Mr. HUDDLESTON. That is true; yes, sir.

Mr. POAGE. All right. Now, the average man is going to be hurt something less than a postage stamp, something less than the value of sending one letter. He is going to be hurt something less than the value of one letter, and yet the great Farm Bureau of America comes

up here and says this is one of the most dangerous things that has come before the Committee on Agriculture in modern days, that we are going to rob these poor little farmers of the price of a postcard at least.

Now, that is all you are going to take, is it not? What other monetary loss is going to be sustained by any cottongrower?

Mr. HUDDLESTON. Nothing, except the matter of a principle, sir.

Mr. POAGE. Nothing except what?

Mr. HUDDLESTON. The matter of principle.

Mr. POAGE. I come back to the proposition now as to the practical monetary loss, this tremendous tragedy, this burden we are imposing on the American farmer is going to be something less than the value of a stamp on a letter or just about the value of a postcard.

Now, do you really think that that is such a burden that we ought to jeopardize that man's chance of developing a profitable crop?

Mr. HUDDLESTON. Well, I think you have oversimplified it to some extent, sir. That means a postage stamp or a postal card per bale I think is what you are referring to.

Mr. POAGE. No, I am talking about the 10-bale man—the 10-bale man.

The CHAIRMAN. Or the 800-bale man.

Mr. POAGE. The 800-bale man would be out $4 all told.

The CHAIRMAN. Yes.

Mr. POAGE. This man is a big farmer and it will cost him $4, the cost of a trip downtown. Now the little man who has got 10 bales has $10 invested for 1 month, Mr. Chairman. Call it 10 percent on his money. Ten percent of his $10 would be $1 in a year, would it not?

Mr. HUDDLESTON. Yes, sir.

Mr. POAGE. And in 1 month you divide that by 12 and it is a little over 8 cents. If he pays 10 percent for his money, he still cannot have a cost of as much as a dime. It will be less than a dime—about the cost of an airmail stamp. All that this great burden is going to cost him——

The CHAIRMAN. Let us emphasize the point. You are talking about interest and he is talking about principle. If you want to talk about principle, it seems to me Mr. Poage has completely exploded all this myth about principle.

Mr. HUDDLESTON. Well, I am sorry, sir.

The CHAIRMAN. There is nothing immoral about this bill, is there?

Mr. HUDDLESTON. Not immoral.

The CHAIRMAN. I can show you, if you sit in here long enough and listen to the rest of these hearings, you will find out where your organization has approved bills and programs of exactly the same kind.

Mr. HUDDLESTON. What is that?

The CHAIRMAN. The same kind of bills and the same kind of programs. Even Mr. Shuman this morning approved the tobacco program. We have Tobacco Associates in your area. I recognize the gentleman from Kentucky. He will show you a promotion effort today being made on tobacco. And I have not heard a chirp out of any of them.

Mr. POAGE. The farm bureau has been approving the wool bill in the wool States ever since it was passed, have you not? Not in Mississippi, I do not mean that, but in the wool-growing States the farm bureau has approved the bill, have they not?

Mr. HUDDLESTON. They have supported it to some extent.

Mr. POAGE. They sure have, and it has the same kind of markoff, but not the same kind of payback because you cannot get your money back under the wool bill. They just take it and use it for promotion.

Mr. MCLAIN. I think to keep the record straight, the compulsory checkoff we have always been against. I think there will be another witness here that will back us up.

Mr. POAGE. Did you not support the bill last year that added 14 new comodities to those that could establish marketing orders which would not allow them to check off to promote commodities? Those happened to relate to vegetables and fruits. You supported that bill, did you not?

Mr. MCLAIN. Not the compulsory part of the checkoff; no.

Mr. POAGE. You did not suport the part of it. You just said you were for the bill, and of conrse there are features of it that you did not like.

Mr. MCLAIN. That is correct; we did not support the checkoff.

Mr. POAGE. Of course you could do the same thing with this bill if you wanted to. But it happens that this relates to cotton, and yon can make a big issue out of this. Of course there is a lot of prejudice against cotton. A lot of people think that cotton is a southern crop and that it should have the same kind of treatment that most of the rest of the South gets. I think that cotton is the largest cash crop in the United States and is a national product. I think it is a commodity that brings in the largest cash returns of any crop in the United States, that it is worthy of consideration on a national basis. Do you?

Mr. HUDDLESTON. Are you asking me?

Mr. POAGE. I am asking Mr. McLain.

Mr. MCLAIN. Certainly cotton is an important crop.

Mr. POAGE. Then why draw the distinction between cotton and walnuts? You support the bill when it comes to walnuts, do you not? You did support it, did you not?

Mr. MCLAIN. We supported the part that you are talking about, but not the compulsory checkoff.

Mr. POAGE. You supported the whole thing. You said "Pass the bill."

Mr. MCLAIN. That is correct, but we were against the checkoff.

The CHAIRMAN. Do we not have a compulsory checkoff inthe tobacco program where it is taken out of the warehouse, and the only way I can get it back is to ask for it back? It is the same principle exactly. The same way in burley, is it not?

Mr. STUBBLEFIELD. Burley tobacco has a checkoff, Mr. Chairman. We have had it for years. There is no opposition to it that I can recall. There has never been any question on it.

The CHAIRMAN. All right, sir.

Mr. Huddleston, we thank you very much.

Mr. HUDDLESTON. I thank you, sir.

The CHAIRMAN. Is there anyone else I can accommodate here who has a reservation who must get out of town quickly. I did call the witnesses out of order as requested, but if not, we will go back and call the president of the Alabama Farm Bureau, Mr. J. D. Hays.

STATEMENT OF J. D. HAYS, PRESIDENT, ALABAMA FARM BUREAU

Mr. HAYS. Mr. Chairman, my name is J. D. Hays, and I hope I enjoy my brief appearance before this committee. This year I will be planting my 29th continuous coton crop as an individual farmer in Madison County, Ala. That is in north Alabama. I have, of course, tried to participate in the various things that I thought would be of interest to cotton, and consequently of interest to me. I am still of the same opinion and the same position.

During this interim I have of course been interested in the National Cotton Council and these programs, as many of my other cohorts here have testified. I will continue to be interested in their programs.

In 1961 I was also elected as president of the Alabama Farm Bureau Federation, and so I am really appearing here on these two issues as an individual cotton producer, and also as president of the Alabama Farm Bureau Federation.

I concur in the testimony that has been given by my associates previously. The Alabama Farm Bureau Federation, meeting in its annual meeting in November in Birmingham on the 7th, 8th, and 9th reviewed the draft of the proposed cotton promotion legislation that was then available to us, and the resolutions committee did oppose by an appropriate resolution its endorsement of this legislation, and that is in our official policy booklet. I did not have available to me or to our organization the copy that the chairman introduced, 12322, since it was only introduced just a few days ago. But I find no difference in the opinion, Mr. Chairman, as I have polled our people hurriedly by telephone and by personal visits and with a few letters. I found no difference in their position from that originally adopted at their annual meeting in November, and with this current legislation.

I would say to you that there is a considerable amount of misunderstanding all the way around. There is a lot of apprehension and confusion and skepticism on the part of the grassroots growers. Generally I believe this is not really understood. We get accustomed to handling these facts as leaders or so-called leaders in the cotton areas, and while we may be conversant with many of the issues, the producer is not. The individual producer is not. And so I see a great deal of confusion and misunderstanding and apprehension. As a matter of fact, as a cotton producer, I am somewhat in the same category myself. I go out to the crossroads stores, I go out to the courthouse meetings, and first of all very, very few of them know really how much cotton they are going to try to plant under this present program. And even when I myself get the decision made 1 week after talking with some of my associates, my fellow farmers, I am about ready to decide that I have made an error, and that I had better refigure it and try another approach on actually how much cotton I am going to plant.

Now, I say all this to make this particular point here. To me if I want to buy something, I want to feel like I am getting value received. If I am going to spend my money for it, I feel like that I want to at least be assured that I am convinced that it is a good bargain.

The reason that there is not as wide a participation in the council's program and in its collections is simply this: the farmers are deciding they are not getting what they are buying.

The CHAIRMAN. What are you talking about, the money that they put into the council?

Mr. HAYS. That is exactly right, Mr. Chairman, that is exactly right.

The CHAIRMAN. And the money that they put into the Cotton Institute?

Mr. HAYS. Well, evidently so. You don't normally buy things that you are not——

The CHAIRMAN. That is the point that I tried to make a while ago. Evidently they are not satisfied they are getting a dollar's worth for a dollar spent.

Mr. HAYS. But the point, Mr. Congressman, the producer has control of whether he buys or doesn't buy, and this assures the self-discipline in the program that will be effective as to how the money will be used.

I would also like to comment a little bit on this competitive situation among ginners. I have no farming interest other than cotton production. I don't sell any insecticides, I don't sell an chemicals, I don't buy any cotton, I don't sell any other than that which I produce. I don't gin any cotton. I don't deal in seed. But this matter of competition between gins is another issue that has been brought up here.

In the main, a farmer is a captive of a gin location. There may be two across the road, but in my area there are community gins, and they are single community gins in the main. I don't think the farmer is responsible for this position of taking responsibility for this competitiveness in the price of ginning. As a matter of fact, the shoe is on the other foot, and the ginner says to the farmer "if you come over to me and gin with me at my gin and leave your community gin then I will fx it so that this matter will be taken care of."

So I don't think this is entirely the fault of the individual cotton producer.

I say again, Mr. Chairman, that our organization has been actively supporting a number of promotional activities in our State. We support the red meat promotion program in our State, and we have supported the cotton council program in our State, and they have just initiated, the CPI, its program in our State.

I believe that we have not only answered the call each time it has come, but have volunteered additionally from among our leadership. But in some way or another it has failed to convince the folks that they are getting what they are buying. I believe, in my opinion, that that is the source of the discontent and the dissatisfaction. In any event, I am on record as representing the wishes of the Alabama Farm Bureau Federation and expressing to this committee the fact that they have by appropriate resolution opposed this kind of legislation.

The CHAIRMAN. We appreciate your bringing the views of the Alabama Farm Bureau, but according to the statement you just made, you don't agree with those views because you say that the job has not been done. We need to do something that has not been done and that is to put on a promotion campaign and to broaden our research programs; isn't that right?

Mr. HAYS. Well, I don't think we have done the job, and I don't think you are going to do it with any single issue or single program.

We have been engaged in so many of these programs, Mr. Congressman, that I suppose the echos of the testimony that has been offered in this room and in these other rooms, some of it still may be bouncing around, echoing up and down. But we have saved and saved and saved cotton until we have got 15½ million bales in the warehouse.

The CHAIRMAN. What do you mean you save? You saved the cotton?

Mr. HAYS. Yes.

The CHAIRMAN. You just couldn't sell it?

Mr. HAYS. Well, that is what I——

The CHAIRMAN. It isn't a question of saving. It is piling up in the warehouses.

Mr. HAYS. The net result is the same, sir.

The CHAIRMAN. You made a statement here that Mr. Poage was blaming the farmers for this unfair competition among the ginners. He wasn't blaming the farmers at all. The farmers are doing the natural thing. If somebody gives them an inducement to take his cotton across the road to the gin and get $1 a bale back on it they have been doing that. You certainly can't blame the farmer for that. This bill would tend to correct that situation. There are no further questions.

We thank you very much.

Mr. POAGE. I would like to pursue that just a moment, Mr. Chairman, because I think that either Mr. Hays misunderstood me or I expressed myself very inadequately. Did you understand me to say that I was blaming the farmer for this competitive situation among the gins?

Mr. HAYS. The statement has been made that it created such a competitive situation among gins that the farmers asked for the refund.

Mr. POAGE. I am just simply trying to find out what you understood, because if I made that statement—gave that impression——

Mr. HAYS. I was so intent upon my point Mr. Congressman I don't know just exactly how you stated it.

Mr. POAGE. You what?

Mr. HAYS. I said I was so intent upon my own point and my own thoughts that I don't recall exactly how you stated it.

Mr. POAGE. I hope that that is the situation, because certainly I had no intention of blaming the farmer for this situation. In fact, I did my best to point out that the competitive situation among the gins was so intense that once a gin failed to make the collection, that the neighborhood gins were going to be forced into the same practice, and that that practice inevitably was bound to spread all across the Cotton Belt, and I certainly didn't attribute that to any malice on the part of farmers or any bad spirit on their part. I simply assumed that farmers are as intelligent as other people are, and that if I can get my cotton ginned for $1 a bale less at Mr. Jones' gin, assuming that he does me a comparable job of ginning, I am going to take it there. That is human nature, whether you are a farmer or whether you are a banker.

Mr. TEAGUE. Mr. Poage, if you take all your business from me I am going into soybeans or cattle.

Mr. POAGE. I think you are right and I think that is what is happening to many of our gins right now. The profit is so thin in many

areas—now of course I recognize that in the heavy producing areas such as the Delta and the High Plains, that that would not be so true as it is in areas like my own, where the production is less and where the competition is even more severe. But it is this intensity of competition among the gins that I am talking about, and I am not blaming either the farmers or the gins. I am simply facing the facts which I gather that you were running away from.

Now it is a fact, isn't it, that many of the gins are today getting a very small amount of cotton, hardly enough to justify the runs. That is a fact, isn't it?

Mr. HAYS. Well, I can say this to you, Mr. Poage. I know of one individual gin in my area, within my area of production, that gins 11,000 bales, and as far as I know, this is one of the largest that we have. It has continued to increase its ginning throughout for several years. Then I can recall others that are down to less than 500 bales, and they don't do a very good job of ginning. We all know this.

Mr. POAGE. And it is a fact, isn't it, Mr. Hays, that the great majority of the gins of the United States are today probably ginning less than 500 bales, aren't they?

Mr. HAYS. Well, I wouldn't be prepared to speculate or to estimate on that at all, Mr. Poage. I would say this in regard to the collections and the competitive situation. I think it is well established that we made progress in spite of the competitive situation, if such did exist, for a number of years because collections increased and assessments went up.

Mr. POAGE. That is right, and when the competition between the gins got as severe as it has in the last 2 or 3 years——

Mr. HAYS. Gins created this competition.

Mr. POAGE. What?

Mr. HAYS. The farmers didn't. The gins created the competition, the farmers didn't.

Mr. POAGE. I made no suggestion that the farmers created it. That is exactly the point I want to clear up. I made no suggestion that farmers created it. Of course, gins and the cotton program created it, and the facts are that there are thousands of gins over the United States ginning less than 500 bales, aren't there?

Mr. HAYS. I wouldn't know.

Mr. POAGE. That is a fact, isn't it?

Mr. HAYS. I wouldn't know, sir.

Mr. POAGE. You don't know?

The CHAIRMAN. May I interrupt for a minute.

One of the first witnesses appearing before this committee on this bill was Mr. T. C. Cortwright, Jr., of Rolling Fork, Miss. He is a member of the board of trustees of the Cotton Producers Institute and chairman of the board of the National Cotton Council of America, and he brought this matter to the attention of this committee and let me read one or two short excerpts from his statement. In talking about this bill he brought in the competition between the gins as Mr. Poage has presented it. He said:

> This is the one great defect in the present CPI approach that we must correct. We must effect a uniform collection to eliminate the competitive factor among processors and handlers. We must have help from the Congress in establishing a suitable mechanism for bringing this about.

We have searched for some other way. We have found none. The proposal before this committee is the only answer we have found. It has a tremendous base for CPI leadership from producer organizations and from the rest of the cotton industry. Last week the council at its annual meeting, the producer delegates voted 43 to 7 to endorse this proposal. Support from various other branches of the industry was unanimous.

Now it is strange to me that you all support the CPI and the Cotton Council, and are opposing the very thing that they advocate. They are the ones that have been running this promotion and research show, and they know that the job hasn't been done, and they said this is the only answer. You all come in here on some kind of emotional principle or something and say you are opposed to it, and offer no solution at all. You don't even offer amendments to the bill. Mr. Shuman said the only thing he would do is vote to strike out the enacting clause in the whole thing. I don't think the Farm Bureau has much to be proud of in dealing with cotton, if you come here and oppose everything and offer nothing.

That is all.

Mr. JONES. Mr. Chairman, may I ask a question?

The CHAIRMAN. Yes.

Mr. JONES. Mr. Hays, was I correct in the impression that I got from your statement that you are opposed to any program either voluntary or compulsory which would provide for a contribution from each producer to carry on and expand this research, advertising and promotion program which is designed to increase the use of cotton?

Are you opposed to the collection of any money, either voluntary or compulsory for that purpose?

Mr. HAYS. No, sir. I am participating in the collection right now.

Mr. JONES. You are participating in the Cotton Producers Institute?

Mr. HAYS. Not in the Cotton Producers Institute. It is not in my area of production. But I am and have been for a great long number of years participating in the cotton council's program.

Mr. JONES. I got the impression from your statement that the farmers with whom you talked, that they were not satisfied with the job that was being done by the Cotton Producers Institute, the National Cotton Council, and for that reason they didn't want to put any of their money into it.

Is that correct?

Mr. HAYS. I did make in general such a statement, and it was predicated on the fact that apparently he was dissatisfied with what he was buying with his money.

Mr. JONES. Well now let me ask you this. Do you think that if a program such as the gentleman who just preceded you stated, that if that was sold to these people and they thought that there was an opportunity to actually do something productive to increase the use of cotton, do you think that would make any change in the attitude of these small producers say, and that they would be willing to contribute to a fund to do that or not?

Mr. HAYS. People in my experience generally respond to this kind of incentive, sir.

Mr. JONES. Yes.

Mr. HAYS. And if he felt he was getting something for his money I have no doubt that he would join in.

Mr. JONES. Don't you think that the referendum that would be provided by this bill is about the only way that we can have of determining whether there was support for it.

Mr. HAYS. No, sir; I don't.

Mr. JONES. How would you go about determining whether or not the people wanted a program like this?

Mr. HAYS. I think the mere fact that the council's collections increased rapidly over a number of years is proof that the people want it.

The CHAIRMAN. You just admitted that they decreased.

Mr. HAYS. I did; yes, sir.

The CHAIRMAN. But for the $800 that somebody gave you one year that they won't give next year, there would have been a very substantial decrease?

Mr. HAYS. He thought he was getting $800 worth in the year he contributed.

The CHAIRMAN. Why wouldn't he give that amount next year?

Mr. HAYS. He may have a various number of reasons. These are individual reasons.

The CHAIRMAN. Excuse me.

Mr. JONES. I was just having difficulty of reconciling your statement saying that you had participated, and evidently you thought that you were getting value received, or that the industry was securing some results from this program, or I presume that you would have cut your payments off.

Mr. HAYS. I do. I concur.

Mr. JONES. Yes.

Mr. HAYS. And am still contributing right now.

Mr. JONES. Well, the thing that I can't understand then is why, if you feel that it is doing the job, why do you feel that the other people that you have talked to in your office as president of the association feel that they are not getting their money's worth? Are they stopping their payments, or have there been others in your community that have contributed to the CPI?

Mr. HAYS. Well, I didn't try to specify any particular incident, Congressman. But the fact that collections were reducing seemed to me to be conclusive evidence that there was some reason for it, and generally if you spend a sum of money, it is on the basis of making a purchase. This is true when this committee reviews a program and you decide that it is valid, you recommend that it be enacted and the Appropriations Committees supply the money for it. If it isn't a sound buy as far as legislation is concerned, of course, then you don't approve it.

Mr. JONES. I still have a little difficulty. I can't get the feeling that you have about this program, and I want to ask this question to see if this would make it any more palatable or if you think it would be more equitable if this referendum would be based not on the volume of cotton as is provided in the bill, but would be based on a majority of the producers, if a majority of the producers voted and said "we think that a program that would require a dollar a bale payment," if a majority of the producers, regardless of the size, would indicate that,

would you think then that that would get more support for this program and probably get more cooperation and more confidence in the program.

Mr. HAYS. Well, the bill doesn't say it would be $1.

Mr. JONES. I understand it doesn't. As I understand it, that was the basis, and I think it is generally understood that that is what is contemplated, although it doesn't set forth $1 a bale. Of course, that could be established. But I think we have been proceeding on the premise that it would be $1 a bale. What I am trying to get at, there seems to be some objection that by using the volume approach rather than the individual majority approach, that we are trying to force something on a majority of the people, because of the votes of the acreage rather than individuals. Do you think it would be more palatable to have it on the vote of the individual farmer?

Mr. HAYS. Well, your bill provides—and again referring to page 4, paragraph 2, of the original testimony this morning—the bill provides that the money shall be collected by the Cotton Board, and this still mon't meet our requirement "collected by the voluntary action of market agencies," and it would not to this extent leave the producer free for a refund. In the matter of the individual voters, I would say, Mr. Congressman, that I don't see how you ever got in this bill, anyway, this matter of volume.

Voters are not asked to approve tax assessments or anything else on the basis of volume. You don't have an opportunity to vote on these matters except as an individual.

Mr. JONES. That is what I am asking you.

Mr. HAYS. I should think this should be true of this here, too.

Mr. JONES. That is what I was asking you if you thought it would be more palatable if you just had the one vote, in other words by the number of cotton producers, whether a fellow produced 1 bale or 100 bales, that he would have the same vote. Would that make it more acceptable in your opinion?

Mr. HAYS. Well, I am reasonably sure that this would be an objection that some folks would put a great deal of stress on, and if this were done I am sure this would be the case.

Mr. JONES. I am asking you as the president of the Alabama Farm Bureau how do you think your organization would react to that?

Mr. HAYS. Under the present authority that the delegates have given me, we would be opposed to the bill.

Mr. JONES. I am not asking about what the American Farm Bureau Federation has done. I am asking about the farmers in Alabama.

How do you think they would react?

Mr. HAYS. Well, I don't know that I am qualified to answer that, Congressman.

Mr. JONES. Well, if the president of the association wouldn't be qualified, I don't know of anyone that would be.

Mr. HAYS. No, sir; you don't understand my job assignment.

Mr. JONES. In other words, you feel a greater responsibility to the American Farm Bureau Federation than you feel to the farmers of Alabama?

Mr. HAYS. No, sir; but my policy in my work orders are written by the delegates in the form of the appropriate resolutions, and these I

adhere to religiously and strictly. I don't tell them what to write nor what to say. I do what they say.

Mr. JONES. What percentage of the cotton farmers in Alabama are members of the Alabama Farm Bureau?

Mr. HAYS. Repeat the question.

Mr. JONES. What percentage of the cotton farmers in Alabama are members of the Alabama Farm Bureau Federation?

Mr. HAYS. I have no statistics on it.

Mr. JONES. How many members do you have in the Alabama Farm Bureau?

Mr. HAYS. 98,000.

Mr. JONES. 98,000? That is individual members?

Mr. HAYS. Yes.

Mr. JONES. Individual dues-paying members?

Mr. HAYS. Yes; individual dues-paying members.

Mr. JONES. That is a pretty good percentage of all the cotton farmers in Alabama, isn't it?

Mr. HAYS. Right. That is correct.

Mr. JONES. Thank you.

I don't have any further questions.

The CHAIRMAN. Thank you very much, sir.

Mr. RANDOLPH. Mr. Chairman, I have a statement by Mr. Grant and one by Mr. Munn, that they asked me to read with your permission.

Mr. MCLAIN. Mr. Cooley, the Tennessee statement was given to the reporter this morning just as we adjourned.

The CHAIRMAN. How about Mr. Allan Grant, president of the California Farm Bureau? Is he here?

Mr. RANDOLPH. I am here in his behalf and would like to read his statement.

The CHAIRMAN. How long is it going to be?

Mr. RANDOLPH. It is about 70 words.

The CHAIRMAN. That is good. Go ahead and read that and then we have another from Mr. Munn.

STATEMENT OF ALLAN GRANT, PRESIDENT, CALIFORNIA FARM BUREAU, AS READ BY WALTER L. RANDOLPH, VICE PRESIDENT, AMERICAN FARM BUREAU FEDERATION

Mr. RANDOLPH. This is Mr. Allen Grant, president of the California Farm Bureau Federation, who had to catch a plane.

This is not the bill that was being circulated at the time the California Farm Bureau Federation and AFBF policies were being formulated. The original bill was not a program completely dominated by the Department of Agriculture. The idea of referendum has merit except that with this kind of Government-dominated program, if passed it would open the door to a rash of such programs with various agricultural commodities in competition and conflict requiring further regulation.

That is the end of Mr. Grant's statement. I would like to read Mr. Munn's.

Mr. Munn's is a little longer, about 125 words. I would like to read it.

The CHAIRMAN. Go ahead.

STATEMENT OF LEWIS MUNN, PRESIDENT, OKLAHOMA FARM BUREAU, AS READ BY WALTER L. RANDOLPH, VICE PRESIDENT, AMERICAN FARM BUREAU FEDERATION

Mr. RANDOLPH (reading):

I am Lewis Munn, president of the Oklahoma Farm Bureau. The Oklahoma Farm Bureau has been a strong supporter of the National Cotton Council and Cotton Producers Institute as they have been operated in the past. We have consistently pointed out these organizations as being an example of how producer groups should operate. The Oklahoma Farm Bureau has opposed governmental checkoff programs for many years. Producers in our State generally have no knowledge of the content of this proposed legislation, a condition which seemed to be prevalent at the National Cotton Council meeting in Jacksonville, Fla. Much discussion has been centered around the need for additional research. I would point out that producers have no assurance that a substantial amount of the funds would be used for research under the proposed legislation. The point was made this morning that manmade fibers are spending $200 million per year. If the proponents of this legislation are attempting to match dollars with manmade fibers, the additional amount realized will be rather inadequate unless the checkoff per bale is greatly increased.

That is Mr. Munn's statement.

Thank you.

The CHAIRMAN. Thank you very much, sir.

You say those gentlemen, one came from Oklahoma and one from California?

Mr. RANDOLPH. They were here.

The CHAIRMAN. They were here and they heard the testimony of the proponents, and they decided to go back home and let you present it for them?

Mr. RANDOLPH. I don't think they heard the testimony of the proponents, but they were here today.

The CHAIRMAN. Those are all the statements you have?

Mr. RANDOLPH. I would like to express appreciation for the time that the committee has given to us.

Mr. O'NEAL. Mr. Chairman, may I make a statement at this point?

The CHAIRMAN. Yes, sir.

Mr. O'NEIL. In view of the testimony of Mr. Shuman earlier today, this morning, with reference to the resolution passed by the Farm Bureau in Chicago in December 1965, I would like to say at this point that I have talked to Mr. W. L. Lanier, president of the Georgia Farm Bureau, a few moments ago, and that he reported to me that the Georgia Farm Bureau has filed an exception to this resolution concerning its voluntary promotion program. The statement was made by Mr. Shuman this morning that only New Mexico had filed exception, and Mr. Lanier tells me now that Georgia did file an exception last Thursday, which, of course, might not have come to or undoubtedly has not come to Mr. Shuman's attention at this time.

(The following letters were submitted by the Georgia Farm Bureau Federation and the Johnson Cotton Co.:)

GEORGIA FARM BUREAU FEDERATION,
Macon, Ga., February 23, 1966.

Hon. HAROLD COOLEY,
Chairman, House Agriculture Committee,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. COOLEY: In order to clear the record concerning testimony of Mr. Charles B. Shuman, president of the American Farm Bureau Federation, with

reference to testimony as to the position of the Georgia Farm Bureau Federation on cotton check off, I would like to explain the events involved.

State farm bureaus, according to our working agreement, have the right to disagree with the American Farm Bureau Federation on policy not to the best interest of the State. The Georgia Farm Bureau Federation does not agree with the American Farm Bureau on policy concerning cotton and especially disagrees with reference to allowing farmers a checkoff program to promote cotton.

The Georgia Farm Bureau Federation Board met January 27 and directed that the American Farm Bureau be notified that the Georgia Farm Bureau was in opposition to the American Farm Bureau Federation's position on cotton. The legislative director was directed to check the minutes of the board meeting and notify the American Farm Bureau. These instructions were passed on to personnel in the office as he was at that time working with the State legislature. Due to a breakdown in communications in our office this official notice was not sent to the American Farm Bureau by the date of the hearing. I was of the opinion and so stated that this official notice had been mailed but upon checking I found that these instructions had not been carried out.

Mr. Shuman was correct when he stated to the committee that according to the records of the American Farm Bureau Federation, they had received no notice from Georgia indicating that Georgia was in disagreement with the American Farm Bureau policy.

Let me apologize to you and the committee for the mistake and I would appreciate it very much if you would insert this letter in the record so that this matter can be corrected.

With warmest personal regards, I am,

Sincerely,

WILLIAM L. LANIER, *President.*

JOHNSON COTTON CO.,
Dunn, N.C., February 11, 1966.

Re $1 per bale Cotton Enabling Act.

Hon. HAROLD D. COOLEY,
Member of Congress,
Washington, D.C.

DEAR MR. COOLEY: Our attention has been called to three views that the Farm Bureau is finding objectionable in the Cotton Enabling Act before your Agriculture Committee. It is our understanding that Mr. B. C. Mangum has registered the following three complaints.

1. "One man, one vote." We find nothing objectionable regarding one man, one vote.

2. "Voting penalty of producers having to catch up back dues, if any, to vote." We see no reason why cotton producers should have their voting privileges penalized for this. Therefore, we are in agreement with the Farm Bureau on this.

3. "Producers privilege of signing up not to participate." This appears to be very unfavorable and would actually gut the bill so far as being effective or appropriate. Your present plan of refunds if requested by the producers is very favorable. This is more along the lines of the tobacco association which works so well.

These are the views unanimously conveyed by the Carolinas Ginners Association at our recent directors' meeting. These also convey the thoughts of ourselves and our customers. We believe you want to do what is right so long as it is the producers' desires. We believe this Enabling Act will eventually pass and it will give much needed new life and blood to our cherished cotton industry.

With best regards, we are,

Very truly yours,

CAROLINAS GINNERS ASSOCIATION,
ALSEY B. JOHNSON, *President.*

The CHAIRMAN. That is fine. I appreciate that. Since this probably will be the end of the hearings today, I would like to ask general permission for other witnesses to file prepared statements.

Without objection, I assume that suggestion is approved.

I would like the record to show that, because I know that there probably will be some other witnesses who will want to come here and

who will want us to have additional hearings. Since I think the subject has been fairly well covered, I want to get into executive session sometime early next week. I don't think we will attempt it tomorrow because many of the people are going to be out of town.

So, without objection, let the record show that I have obtained permission for other statements to be filed.

I have about four more witnesses here. Two of them are residents of Washington, D.C.; two of them are from California. I want to call for a very brief statement Mr. Clarence Salyer, and with you, Mr. Russell Giffin, of Fresno. Come right around here and sit at the desk and we will try to expedite this.

You are Mr. Clarence Salyer and you live in Corcoran, Calif. You are a cottongrower, aren't you?

STATEMENT OF CLARENCE SALYER, CORCORAN, CALIF.

Mr. SALYER. Yes; I am, Mr. Chairman.

The CHAIRMAN. How many bales of cotton do you produce annually?

Mr. SALYER. We vary somewhat, probably 20,000 to 25,000 bales a year.

The CHAIRMAN. 20,000 to 25,000 bales?

Mr. SALYER. Right.

The CHAIRMAN. Are you familiar with the provisions of this bill that we have under consideration?

Mr. SALYER. I think so; yes, sir.

The CHAIRMAN. You know the purposes of the bill is to promote cotton and to provide for cotton research?

Mr. SALYER. Yes, sir; I do.

The CHAIRMAN. And having familiarized yourself with the bill and being a cotton farmer, I will ask you to state to the committee whether or not you approve the bill that is now before the committee.

Mr. SALYER. Yes, sir; I approve the bill very strongly. I might elaborate a little bit on it, if you don't mind, Mr. Chairman.

The CHAIRMAN. Yes, sir.

Mr. SALYER. We have got very high priced land and high priced water, and particularly high priced taxes out there. Cotton is a major crop. I mean it is the greatest money crop we have in the State. From year to year we have been cutting back, cut back, and there is so much cotton going into the Government loan that I am very much concerned about it. In fact, I am scared if we should lose our cotton production in California, I think we would be ruined. I think that this bill should be passed. I don't think it should be a referendum myself. Frankly, I think you should pass the bill.

I would recommend you pass the bill, and I would also recommend that you not have the withdrawal clause in it.

I don't believe in California you will have any trouble as far as cooperating. I think the Farm Bureau is wrong. They are generally wrong in everything you want to do, and I would like to recommend very strongly that you pass the bill.

The CHAIRMAN. Thank you very much, sir.

Now, we have another small farmer from California, Mr. Russell Giffin of Fresno.

You are a cotton farmer, aren't you, Mr. Giffin?

STATEMENT OF RUSSELL GIFFIN, FRESNO, CALIF.

Mr. GIFFIN. Yes, Mr. Chairman.

The CHAIRMAN. How many bales of cotton do you produce annually?

Mr. GIFFIN. Well, from 60,000 to 80,000 bales a year.

The CHAIRMAN. You have familiarized yourself with the provisions of this bill, haven't you?

Mr. GIFFIN. Generally; yes.

The CHAIRMAN. In a general way.

We would like to ask you first——

Mr. GIFFIN. I would like to say, if you will excuse me, Mr. Chairman, I would like to say that I was on the committee that was asked by the council to study the Cotton Producers Institute program. I have been since its inception its chairman. I have been active in all of the activities of the Cotton Producers Institute of America since that time, and it goes without saying that I deeply support this program.

I have not only done the work but I have put up the money.

The CHAIRMAN. We certainly appreciate your coming from California to give us this information.

I am glad that you were interested enough in the problem to come here and to stay here and testify personally and give us your views. You do appreciate the fact that we have not been able to properly promote the use of cotton through the organizations now in existence on a voluntary plan.

Mr. GIFFIN. That is right.

The CHAIRMAN. You have cooperated and been interested in the activities of both the CPI and the council?

Mr. GIFFIN. Yes, sir.

The CHAIRMAN. And so has Mr. Cortwright.

Mr. GIFFIN. Yes, sir.

The CHAIRMAN. I appreciate your coming here. Do you have a further statement?

Mr. GIFFIN. Mr. Chairman, if you will permit me to take just 2 or 3 minutes.

The CHAIRMAN. Oh, sure; go ahead.

Mr. GIFFIN. I would like to make a comment or two. What we are asking for here is the right to go into the country, out into the field, present the program with all of its weaknesses that Mr. Hays pointed out, to the growers of cotton across the 14 States growing cotton. During that process, of course, we will carry on educational work, we will hope to get to most cottongrowers of the Nation, and present our case. We will present the case that has been made for the 5 years of the voluntary program, and we will present the projections for the coming year's work under the new program, assuming the referendum is successful.

Now, at that time producers of cotton, regardless of size, will have an opportunity to judge whether we have done well in the past 5 years, and they will have an opportunity to judge whether the projections that we make to them for the coming years with the greater amount of money is well spent.

Now, I want to comment a little bit on the amount of money.

The question has been raised here several times whether it is enough. Our experience in both the council work and in the work of the Cotton Producers Institute has shown us that for every dollar that we raise and provide, we have been able to raise about the same amount of money from other interested segments of the industry in matching funds.

Now, we at this time have been producing, we have the income from the council of about $3 million. If we are successful in this move and the crop is, we will say, 12½ million bales, and assume maybe there is a half million dollars lost through the refund route, we will arbitrarily use the figure of $12 million plus the $3 million from the council is $15 million.

In matching funds, we believe, and it is based on experience, we believe that we are talking about an effective usable fund of from $25 to $30 million.

Now, we do get into the ball park with our synthetic friends. I would be less than honest if I indicated for a moment that I believed that we would never have to come back to the growers of cotton and ask for more money. Our destiny for the coming years is going to be dictated largely by our competitors in the synthetic field, and no man can tell what course that may take.

But we can only come back, we can only increase the use of those funds, by another referendum, and it takes two-thirds of the growers voting to approve it.

Mr. GATHINGS. I believe you said that $12½ million could be raised. That would be double and that there would be available some $25 million; is that right?

Mr. GIFFIN. That is right.

Mr. GATHINGS. For the record, would you state just where the other $12½ million is to come from?

Mr. GIFFIN. I can't give you the detail on it. We have a man here, two men here in the room that can give you that detail, but our experience in the Cotton Producers Institute has worked that way.

The CHAIRMAN. In other words, you still think that the Cotton Institute, the Cotton Council would carry on its own activities, and make its own funds available for promotion?

Mr. GIFFIN. I heard the testimony of Mr. Shuman this morning expressing the view that if this was successful, that the Cotton Council was probably on the way out. I have a different view. The Cotton Council, for reasons unknown to me, lost membership 2 years ago. During the time that we have been discussing this proposed legislation, this enabling legislation which has been going on for a year, it passed the board of the national council, passed by the board of trustees of the Cotton Producers Institute of America, a resolution was passed supporting this, and all of this time has used up the past year. And in that time we have seen a number of people come back to support the Cotton Council because they believed that this would give life to the industry, and I am inclined to guess that the council will grow stronger rather than weaker under this.

The CHAIRMAN. Thank you very much.

I want to yield now to our distinguished colleague from California, Mr. Teague, who has always been intensely interested in the welfare of cotton farmers and the cotton textile industry generally.

Mr. Teague?

Mr. TEAGUE. Thank you, Mr. Chairman.

Mr. Giffin is not a constituent of mine, but he quite properly, both of us being from California, has discussed the problem with me, and if I understood you correctly the other day you stated something along this line, and if I am wrong I wish you would correct me: No. 1, that you wished this could be done on a voluntary basis. Is that correct?

Mr. GIFFIN. Yes, sir.

Mr. TEAGUE. But your experience after working very hard with others to try to establish the voluntary program has led you to believe that it cannot be done?

Mr. GIFFIN. Yes, sir.

Mr. TEAGUE. Is that correct?

Mr. GIFFIN. Yes, sir.

Mr. TEAGUE. Would you like to elaborate on that?

Mr. GIFFIN. Yes, I would.

There are several things that have happened in this area. First, the gentleman from Mississippi that testified a moment ago on cottongrowers not being informed in the belt. One of our greatest difficulties from the inception of this program was to get people to come to our meetings. We have gone back, taken the program back not once but twice, three times, four times into the same areas, and just gotten a handful of cottongrowers to come out and look at it. Those that have could have been impressed. And Mr. Hays is wrong when he says that the erosion that is taking place in the last 2 or 3 years is because people haven't believed the program was a good one. The erosion that has taken place has come from the fact that some growers were carrying the load and others were not, and that is the biggest single hurdle we have got to get over here.

We have all kinds of things happen, as a matter of fact.

One man that testified earlier today testified that he believed in the work of the Cotton Council and the Cotton Producers Institute, and that he had been a supporter of it always. But he opposed its enabling legislation here.

Now, in that case there was a man that gave lip service to it, he signed up for the Cotton Producers Institute in the first year that it was presented in his area, but he has never paid a dime.

Now, we have all kinds of things happen, and there is no use skirting around the edges. We have got to come out of this with an effective method of collecting money, and when a man has a legitimate reason, or any reason of his own, where he wants to withdraw, provide that. But we must not be naive enough to think that we can carry on a thing as important as competing with the synthetic industry of America with pennies.

Mr. TEAGUE. Thank you very much, sir.

Mr. GATHINGS. Will the gentleman yield?

Mr. TEAGUE. Yes.

Mr. GATHINGS. Mr. Giffin, I would just like to ask you your opinion. It seems to me that you are pretty well informed. You have been a member of both of these organizations for a number of years. I just wonder how much would you judge the $25 million that you speak of would be used for promotion, promotional activities, and how much would be used for research?

Mr. GIFFIN. Mr. Gathings, up until now on our voluntary program it has been going about two-thirds to promotion and about one-third to research. I believe if this movement is successful, and we have the greater fund to work with, I believe that about that proportion will still continue. The great need before this industry now is to sell more cotton. There is no other answer to any of these things, except to sell more cotton, to sell more cotton we have to do two things. We have got to improve our product, work into it attractive features that appeal to the housewife and then we have to promote it and promote it on a parallel with what the synthetic people are doing.

Mr. GATHINGS. There has been some progress made, too, in recent years.

Mr. GIFFIN. Yes, I think exceptional good progress has been made when you consider the meager funds that we have had to work with.

Mr. GATHINGS. The members of this committee made a trip down to the Carolinas here about 2 years ago, and we saw a fine shirt that was washed out right before us, hung out to dry. That shirt looked good the next morning. It would be ready to wear, made of all cotton. Then, too, a pants program has been mentioned. You know about that?

Mr. GIFFIN. Yes, sir.

Mr. GATHINGS. Tell us about that.

Mr. GIFFIN. Well, I think it was 2 years ago the Levi Strauss people came out with a trouser that was 100 percent cotton that was a very attractive trouser, and it sold across the Nation like wildfire. I don't know how many they sold, but a great many hundreds of thousands of dollars. But after some months of wear and washing it became apparent that this trouser had a fundamental weakness in it, and it was the abrasion that came in the pants cuff of the trouser, and an abrasion generally that they didn't have in some of the others. Their suggestion was that by adding a given amount of manmade fibers they could correct this. I think at that time they thought that if they added 8 percent nylon, had 92 percent cotton, it would give them a satisfactory product. The cotton people didn't agree. We felt that we could get into 100 percent cotton trouser all that they had in the blend, and I think that is pretty well established now, and it has taken it 2 years of research.

Mr. GATHINGS. And the crease remained intact?

Mr. GIFFIN. The crease remained.

Mr. GATHINGS. On the cuff?

Mr. GIFFIN. Yes.

Mr. GATHINGS. As well as the upper portion of the trouser?

Mr. GIFFIN. Yes.

The CHAIRMAN. Any further questions?

If not, we thank you very much, Mr. Giffin.

Mr. GIFFIN. Thank you, Mr. Chairman.

The CHAIRMAN. We especially thank you and Mr. Salyer for coming such great distances and showing your interest.

I want to make one brief statement. That is to the effect that I am quite certain no member of this committee intends in any way to criticize the manufacturers of synthetic goods. They have been very ingenious and very successful and very competitive with cotton,

and I think the main purpose of this bill is to save as best we can the cotton industry of the Nation and particularly the cotton farmers of the Nation. I know that we have synthetic manufacturers in perhaps all the districts of the country, and they have operated very well and very successfully, and I commend and congratulate them upon their efforts.

But I think we have been a little slow in bringing cotton to its right place in the Nation. It is a bold fiber and the best, and the most important one in the whole Nation, and that is what we are trying to do.

Before calling the next witness, I would just like to say that we are pressed for time and we would like to make this as brief as possible.

The next two witnesses are both from here in Washington. We will first hear Mr. Reuben Johnson, and then close with Mr. Graham. Then I want to present Mr. John Heimburger, counsel for the committee, for a statement.

Mr. TEAGUE. Mr. Chairman, I have to be excused. I have read the statements of both Mr. Johnson and Mr. Graham.

The CHAIRMAN. All right. You may be excused, sir.

Before you start, Reuben, I would like to ask for another unanimous consent. I did ask for permission to file other statements for the record.

I particularly want any statement in the record showing how much money we have spent in foreign countries in promoting cotton and in research, and I will ask someone to try to prepare some information for us so we will have it in the record to show. In other words, we are doing things abroad that we are not permitted to do at home.

(The following information was supplied by J. Banks Young of the National Cotton Council:)

Critics of this legislation try to leave the impression that it is a new and novel approach to the promotion of cotton which is bad. This is not at all the case. For the past 10 years, funds generated under Public Law 480 have been used to promote the consumption of cotton in foreign countries. The money being spent abroad is not money collected from U.S. farmers, it is foreign currency appropriated by the Congress and allocated by the Bureau of the Budget from funds generated from the sale of agricultural commodities under Public Law 480.

Last year under this plan the use of cotton was being promoted in 16 foreign countries. In addition to cotton, a number of other commodities were taking advantage of this plan. Forty-five trade associations were cooperating with the Department of Agriculture to promote the expanded use of U.S. agricultural commodities in 71 countries.

There is no record of one objection being made to this program. It is extremely difficult, therefore, to understand why all the objections are being raised to this bill. In the bill, cotton farmers will put up the money—not the Federal Government.

The extent to which funds are being spent abroad for research and promotion is indicated as follows: The Foreign Agricultural Service of the U.S. Department of Agriculture in fiscal 1965 expended about $9.3 million of Public Law 480 funds to develop new and expanded markets for U.S. agricultural commodities. Of this total, about $6 million was programed through industry groups of which about $1.1 million was for cotton through the Cotton Council International. The cotton industry as well as many other industries have been providing a similar amount from their own resources at home and abroad for the international promotion programs.

In addition, the Agricultural Research Service of the U.S. Department of Agriculture is expending Public Law 480 funds for technical research abroad that

can contribute to expanded markets for U.S. farm crops. In 1964, ARS made 38 new research grants in the amount of about $2.6 million. These included about $700,000 for cotton.

The CHAIRMAN. All right, go ahead, Mr. Johnson.

STATEMENT OF REUBEN L. JOHNSON, DIRECTOR OF LEGISLATIVE SERVICES OF NATIONAL FARMERS UNION

Mr. JOHNSON. Mr. Chairman, at the outset I want to say that we are not here to get involved in some of the organizational problems that I have heard discussed this morning. We are here to discuss some of the broader implications of this legislation, and if at all possible to make suggestions as to some of the procedures we think might improve it.

The time that has elapsed between the introduction of H.R. 12322 on January 26 and these hearings has not been sufficient for us to complete the research and study that we believe to be required of this type of legislation.

Our organization, however, has in the past opposed promotion schemes, the purpose of which is to load on the already sore backs of farmers the costs of advertising programs. We question, for example, the effectiveness of an advertising program where only the raw product is involved. Far and away the most effective advertising, in our view, is that associated with a private brand or trade name. Under section 12 of H.R. 12322 such advertising is prohibited.

We are concerned that the bill before the committee does not provide for any contribution by buyers and handlers, crushers, ginners, cotton mills, and manufacturers of finished cotton goods and garments. All of these nonfarm sectors of the cotton industry would benefit if the claims of the proponents of the bill are accurate. We note the absence of witnesses representing these groups. But since we understand that these nonfarm sectors of the cotton industry support the bill, it appears that they would be very content to have the producer pick up the check for programs from which they will likely benefit to a greater extent than producers of raw cotton—again, if the claims of proponents are true.

Our domestic mills now can buy cotton on a competitive level with foreign mills. We have removed, in the enactment of a 4-year cotton program the inelasticity of demand for cotton and therefore the present situation is most favorable for expanding cotton consumption. But, if the Congress in its wisdom sees a need to promote the sale of cotton, we strongly urge that provision be made for all sectors of the cotton industry to be counted in as contributors. In this connection, we are not impressed with the argument that producers would control the program if Congress should enact this bill as written.

We further see no need for a research program to augment or supplement the present extensive research programs of the Federal Government. Let me hasten to point out to the committee that Farmers Union has championed all of the Government programs of research to find new uses for cotton, as well as other crops.

We are proponents, too, of efficient production techniques.

In recognition of the fact that the Agricultural Research Service of the Department of Agriculture has conducted such research on an extensive scale and has succeeded in finding new uses for cotton, we have compiled a table to show the estimated funds available for cotton research for the fiscal years 1966 and 1967.

I request your permission to insert this table at this point in the record.

The CHAIRMAN. Yes, sir, you may do so.

(The table referred to follows:)

Estimated funds aavilable for rcsearch on cotton, fiscal ycars 1966 and 1967 [1]

	Fiscal year 1966	Fiscal year 1967
Farm rescarch:		
Agricultural Research Service:		
Crops: Production, breeding, genetics, quality, physiology, and disease investigations; weeds; and other crops research on cotton	$2,669,500	$2,686,900
Entomology: Research on the biological and chemical control of insects in cotton; and pesticide residues studies	2,746,200	2,757,300
Agricultural engineering: Mechanical harvesting of cotton; cotton ginning research; and other engineering studies on cotton	1,303,100	1,310,100
Nonrecurring funds for plans and construction of the following research facilities	(2,760,000)	(----------)
Western cotton insects and physiology research facilities, Tempe, Ariz	1,150,000	----------
Cotton physiology research facilities, Stoneville, Miss	506,000	----------
Cotton disease research facilities, College Station, Tex	644,000	----------
Pilot cotton ginning rescarch facilities, Stoneville, Miss., and Mesilla Park, N. Mex	184,000	----------
Cotton ginning and storage research facilities, Lubbock, Tex	276,000	----------
Total, farm rescarch	9,478,800	6,754,300
Utilization research and development:		
Agricultural Research Service:		
New and expanded uscs for cotton, development of new processing machinery	4,632,200	5,003,900
Nutrition and consumer use research:		
Agricultural Research Service: Consumer use studies on cotton textiles	156,400	157,800
Marketing research:		
Agricultural Research Service: Studies on post-harvest handling, conditioning, and other factors affecting market quality and research on equipment, and facilities for transporting and storing cotton	507,600	553,300
Total, cotton research	14,838,000	12,469,300

[1] Includes additional estimated amounts to pay costs authorized by the Federal Employees Salary Act of 1965 (Public Law 89-301).

Mr. JOHNSON. Mr. Chairman, the table shows, and I won't go into any detail, that for the fiscal year 1966 total cotton research will be almost $15 million, $14,838,000. For fiscal 1967 the projected amount of funds to be available is $12,469,300.

The CHAIRMAN. Is $15 million being spent for research in cotton alone?

Mr. JOHNSON. That is what they estimate for the fiscal year 1966. I have the breakdown here of the area in which this research is taking place.

The CHAIRMAN. You are going to put that in the record?

Mr. JOHNSON. Yes, I would like to put it in the record.

(Discussion off the record.)

The CHAIRMAN. Mr. Reporter, back on the record.

Mr. POAGE. I am sure that these figures include not simply the money that is spent directly on promoting or researching cotton, but

upon all types of insect control that relates to cotton, all types of fertilization that relates to cotton, all types of cultivation, such as flame cultivation and so on, and all types of research on ginning and on spinning. I am sure that they are all included in these figures, isn't that right, Mr. Johnson?

Mr. JOHNSON. That is true, Mr. Chairman. I am told there are over 100 different projects that are covered in this expenditure.

The CHAIRMAN. But none of this is spent on promotion, is that right?

Mr. JOHNSON. None of this is spent on promotion.

My question whether any change of the method of financing, in personnel, or in techniques can improve very much upon the research projects planned by the Agricultural Research Service.

We further question the use of funds which would be collected under the provisions of H.R. 12322 to discover more efficient cotton production methods.

Cotton yield per acre continues to go up. For example, in the Southwest, yield per acre in 1950 was 204 pounds; in 1965 it was 400 pounds. In the delta area, cotton yield per acre in 1950 was 307 pounds; in 1965 it was 517 pounds. In the Southeast, cotton yield per acre in 1950 was 209 pounds; in 1965 it was 453 pounds. For the United States as a whole, cotton yield per acre was 269 pounds in 1950; by 1965 it has risen to 531 pounds.

These figures illustrate that in this 15-year period, cotton yield per acre has approximately doubled, and the trend points to even greater yields per acre in the years ahead. The ability of cotton farmers to produce has made it necessary to enact a cotton program designed to more nearly balance supply with demand.

H.R. 12322 repeatedly refers to "research." We seriously question whether a major research effort, whether public or private, should be conducted at this time with its major thrust that of increasing production technology. Let me hasten to add that we are fully cognizant of the need for research in the marketing and use of cotton, with the aim of increasing returns to the producer.

We especially question the language of section 2 of the bill, which states:

> It is necessary that the existing regulation of marketing be supplemented by providing as part of the overall governmental program for effectuating this objective, means of increasing the demand for cotton with the view of eventually reducing or eliminating the need for limiting marketings and supporting the price of cotton.

We do not foresee the time when any program, however effective it may be in promoting the sale of cotton and in reducing stocks, will substitute for a Federal program, the purpose of which is to help balance supply with demand, and increase returns to the producer.

The assessment provided in section 7(4)(c) of $1 per bale is greatly in excess of the amount we believe that could be justified in financing a cotton-promotion program. Under existing voluntary programs, approximately $7 million is being spent for research and promotion. Most of this money is provided by producers under programs con-

ceived and put in operation prior to the enactment of the Food and Agriculture Act of 1965.

We would further point out that only about one-half of $10 million authorized for cotton research in 1964 has been appropriated.

We ask that the committee call upon the Department of Agriculture to make a study to find out the level of expenditure that could be justified in any sales promotion program involving raw cotton.

In summary, we want to cooperate in any endeavor to expand the research facilities of the Department of Agriculture in workable ways to meet fully the need for promotion and research in cotton, and in other commodities.

We do not favor any research program, whether to supplement or supplant the effective research program of the Agricultural Research Service with a program financed by producers. As I have stated above, we do not believe a sound case can be made for research aimed at increasing cotton yields per acre.

Mr. Chairman, just let me say at this point that we are already under tremendous pressure to fund the research programs we need, not only in cotton but in some other crops, and we face a cut unless Congress restores some of the funds that have been taken out of the agricultural research program.

In our judgment it would be bad precedent for producers to begin a research program in the field of production technology leaving the impression that somehow or other we can afford to pay for the cost of research. Actually the point has been made here a number of times that all the research that is going on now of this kind is in the public interest, and we would not want to be put in the posture of having the Budget Bureau further justify cuts in the research budget of the Department, because it felt that producers were able to somehow finance a part of this effort.

As I have stated above, we do not believe a sound case can be made for research aimed at increasing cotton yields per acre, not at least until we work down some of our 16.5-million-bale carryover which is the projected carryover for August 1. Certainly we are not here to say that we don't need to continue to do some of the research needed to increase efficiency. We all believe in efficiency. But at least for the time being it seems to us that whatever funds are expended either by the Department or any other group should be directed toward increasing the use and improving the marketing techniques as far as the producers interest and increase their income is concerned.

We respectfully urge that the committee postpone action on H.R. 12322 until further comprehensive study is made of all provisions of the bill and advice is received from the Department of Agriculture as to the level of expenditure that can be justified for promotion purposes.

Mr. Jones is not here, Mr. Chairman, but I would like to say that his suggestion here in questioning an earlier witness, of changing the requirement for producer approval of this bill to a simple majority, and eliminating the provision that would enable producers who have 50 percent of the volume of production to put this program into effect, would to us seem to be a most acceptable substitute for the provision of the current bill.

Mr. Chairman, in our organization we have had at times considerable discussion of these promotional programs. We have recognized that in certain commodities these programs seem to work better than in other programs, than for other commodities, and in this connection I have here an article from Better Farming Methods, May 1964, by Mr. Edward Dailey of Purdue University. Mr. Dailey has apparently done quite a bit of research himself into the effectiveness of these product promotion programs.

He has as a part of his article a promotability audit, a series of questions to apply to various commodities to determine how effective some of these promotion programs could be. I haven't put the cotton to the test, but I think that in looking at the program, any program that might be developed under this bill, that it would be useful to have those who will be doing this work take a look at this promotability audit to see just how effective a promotion program may be. It is a very short article. I wonder, Mr. Chairman, if you would mind if I had this inserted in the record.

The CHAIRMAN. No, without objection you may insert it in the record.

(The article referred to follows:)

[From Better Farming Methods, May 1964]

PRODUCT PROMOTION

(By Edward Dailey, Purdue University)

Practically all farmers, whether they produce livestock, lemons or Limburger cheese, belong to a group organized for the purpose of promoting their product. Many make contributions to several commodity groups.

First efforts to advertise and promote by a farm group were begun before World War I by a California orange-growers cooperative which later took the name Sunkist. Advertising activities by producer-promotion groups have flourished and faded since this early beginning, growing in strength during the depression, held in check during World War II and have shown considerable growth in the number of groups promoting and in the amount spent in recent years.

Current estimates show 1,200 producer groups are now spending a total of about $100 million per year for promotion and advertising. These groups range from well-known large national organizations like the American Dairy Association with a $7 million-plus annual budget down to some county groups spending only a few hundred dollars. All have the same objective, however, to sell more at the same price or to sell the same amount at a higher price.

Even though many farm product groups now advertise in one way or another, strongly held views both in favor of and against this practice are often found. There seems to be two camps you can join. One side says simply, "How can all groups increase their sales at the same time? The collective American stomach will hold just so much food. If broiler producers succeed in getting consumers to buy and eat more poultry then we must eat less pork or beef." Or any grains made by one commodity must be at the expense of some other commodity.

Pork and beef producers who see themselves losing sales to broilers are competitive fellows and strike back with strengthened advertising programs and so do the cheese people, the potato people, the fruit and vegetable groups and others. Successive rounds of this battle wind up with each product being consumed in about the same quantity it was at first with each group paying added marketing costs and nobody really better off. This is the "limited-stomach" or "substitution" argument.

ARGUMENT FOR ADVERTISING

The opposing argument says "You may be right but some agricultural groups have had very good results with advertising so why shouldn't we? At least we'll be trying to do something to help ourselves." This group, not being concerned with the total picture, feels the changeable consumer will allow them to increase their own sales and they look to promotion as a challenge and an opportunity. They further recognize that the chance for all competitive farm product advertising to stop suddenly is unrealistic. The attitude with these folks is also likely to be one of defense, of holding current markets.

For some farm commodities, a favorable cost-benefit ratio for advertising campaigns is a matter of revord, but for many others the record is not quite so clear.

One special Florida orange promotion, for example, is estimated to have increased gross sales by $18 million for a promotion outlay of $4 million. But in another special promotion of lamb an expenditure of $1.76 was made by lamb producers for each additional pound of lamb sold as a result of the promotion.

Studies of demand show that the opportunity for effective use of advertising and promotion varies markedly among different products. Each demand situation as it relates to advertising and promotion must be studied separately. Advertising works wonders in some cases and fails miserably in others.

EXPAND OR DISCONTINUE?

Since the opportunities for effective promotion vary considerably, some producer-promoter groups may well afford to expand their promotion program and others might seriously raise the question of their continuation. The trick is to determine which should be expanded and which programs might be altered or shut down.

The accompanying test is designed to serve both current and potential agricultural product advertisers. For those groups with existing promotional programs it may provide the basis for revising or strengthening the program. For those considering employing promotion to expand demand it provides a structure to consider the important factors in a systematic way.

This test or audit is based on accepted principles of advertising, on experience of producer-promoter groups, and on studies of demand and market research. It outlines the conditions that govern profitable use of advertising. How you can answer the questions will give a good indication of the effectiveness of a promotion program for your product or commodity group.

This appraisal calls for an honest evaluation by all those interested in the outcome. A rating scale is used to allow differences in judgment to be registered.

You may want to see how your score compares with other commodities. Select one or two other commodities besides your own and apply the test to them. Their scores will provide a basis of comparison helpful in assessing your own opportunity.

TOTAL SCORE

A perfect score of 88 indicates an excellent opportunity for a successful advertising and promotional program. This score will rarely be registered. The lower the score the less are the chances for effective promotion.

Advertising can be an effective tool for some farm commodities and some marketing situations such as in the short run where a temporary and burdensome surplus may exist. However, as might be indicated to you by the audit, some situations are better adapted to the use of advertising and promotion than are others.

Two realistic observations present themselves. First, as our agricultural productive capacity continues to overfill market demands, advertising and promotion will continue to occupy the interests of many producer groups. Second, the practice of producer-sponsored commodity advertising will in all likelihood, continue to be debated.

The chances for making good promotion decisions can be increased by a consideration of the factors listed in the promotability audit.

The promotability audit

Legend:
8: True; not a recognized problem.
6: Not a source of difficulty but could be improved.
4: Some difficulty; needs improvement.
2: Major difficulty but some improvement possible.
0: False; a major difficulty, cannot be improved under present conditions.

Key indicators of promotion opportunity	Rating scale (circle the most appropriate number)	
	True	False
1. Our product is easily distinguished from substitute products by final buyers (can be identified either by its characteristics or by packaging)	8 6 4	2 0
2. There are strong emotional buying motives favoring our product (health, protein, prestige, security, achievement, etc.)	8 6 4	2 0
3. Our product exhibits strong hidden qualities (dependability, purity, potency, etc.)	8 6 4	2 0
4. There is an adequate budget or means of obtaining one for a sustained, coordinated promotional program	8 6 4	2 0
5. Our production of this perishable product is highly seasonal and a promotional program could be use to call attention to a temporary surplus situation	8 6 4	2 0
6. The benefits of a promotional program will accrue primarily to us who finance it	8 6 4	2 0

Now use this legend for the remaining indicators:
4: True; not a recognized problem.
3: Not a source of difficulty but could be improved.
2: Some difficulty; needs improvement.
1: Major difficulty but some improvement possible.
0: False; a major difficulty, cannot be improved under present conditions.

Key indicators of promotion opportunity	Rating scale (circle the most appropriate number)	
	True	False
7. The demand trend is favorable (per person consumption increasing and/or there are an increased number of users)	4 3 2	1 0
8. Final buyers of our product readily respond to price changes by consuming more when prices go down and consuming less when prices go up	4 3 2	1 0
9. Our product is either a new product or an older product in a new form	4 3 2	1 0
10. Our product is relatively free from known barriers to use (lack of familiarity, preparation problems, family objections, etc.)	4 3 2	1 0
11. There is relative freedom from general industry problems (disease, marketing, quality, labor problems, divergent interests among growers, etc.) that must be solved before a promotional program can be effective	4 3 2	1 0
12. We can have some control over the consumer price of our product, or if not, pricing presents no particular problem	4 3 2	1 0
13. A promotional gap exists for our product that is not fully met by brand name advertising and promotion or other means	4 3 2	1 0
14. Needed cooperation and coordiation for our promotional program can be expected from the distributive trade	4 3 2	1 0
15. Market supplies and distribution of our product is adequate	4 3 2	1 0
16. Final buyers of our product can expect consistent product uniformity	4 3 2	1 0

Mr. JOHNSON. Mr. Chairman, that concludes my remarks.

The CHAIRMAN. Mr. Johnson, you referred to the Department of Agriculture and the research programs now being conducted. You are aware of the fact, aren't you, that the Department of Agriculture has endorsed this bill?

Mr. JOHNSON. Yes, Mr. Chairman, I am aware of it.

The CHAIRMAN. The officials of the Department know what we have done in research and what we haven't done, what we have done in promotion here at home and abroad.

I just asked for information concerning our promotion programs abroad. We have one in tobacco, one in cotton, one in soybeans, and in some other things. They know these figures and they have to approve all these expenditures of foreign currencies.

Now if they come up, after knowing all that they know, saying that we haven't done enough for cotton, in promotion and in research, it seems to me that should be a very good endorsement.

Now on the question of research, under our research programs through the experiment stations and extension acts and all that, we have substantially increased the per acre yield of cotton, haven't we?

Mr. JOHNSON. We have done an exceptionally good job, Mr. Chairman.

The CHAIRMAN. And to that extent we have tried to bring about new methods and all the new techniques, so that the farmer could harvest more per acre, and reduce his cost of production, haven't we?

Mr. JOHNSON. Yes, sir; but as I pointed out here in by statement, we would like to call a moratorium.

The CHAIRMAN. It looks like we have just about mastered these techniques of production, and as a result we have filled our warehouses with cotton which we can't sell. That is all.

Mr. JOHNSON. That is very true. I would like to say that I think we ought to be very careful here in terms of the kind of research which is done with any fund that might be put together under this program.

One of the things that impresses me about the Department position is that I am sure that with the cut that they have made in the budget of the Agricultural Research Service, they are delighted to have any group that will come along and say "We will pay a part of the bill."

I think this is a bad precedent, and I think we ought to look at this very carefully and keep the pressure on at the right places to see that we can keep adequate tax funds involved in this program.

The CHAIRMAN. Let me make one other statement. The manufacturers of textiles, of synthetics, pay their own way to the tune of about $200 million a year in promotion programs, and look what a woefully small amount is being spent in promoting cotton.

Mr. JOHNSON. Mr. Chairman, I have never been able to figure out how much it costs to produce a pound of nylon fiber, but I do know that the price is approximately four times that of a pound of cotton. Do you suppose that they are making enough profit out of this fiber that they can afford to spend this kind of money?

The CHAIRMAN. They are spending it.

Mr. JOHNSON. They must be making some money. Otherwise they couldn't be putting the——

The CHAIRMAN. We have charts showing the enormous expansion.

Mr. JOHNSON. They must be making a tremendous amount of profit to be able to afford to do this.

Mr. Chairman, producers still are faced with some financial difficulty. We don't have the price of cotton to the producer at a point where he is going to be able to get wealthy growing cotton. These checkoffs, as small as they may be in this bill, have already kept a lot of producers apparently out of voluntary contribution programs.

I am confident that this is a very controversial type of legislation in the country, and for that reason I think that it ought to be stripped of

as many of the controversial features that have been under discussion today as possible.

The CHAIRMAN. This committee will work its own will on it, and you know the committee well enough to know that we will try to clear up the controversy and compose differences.

According to the list of witnesses I have here, I don't believe we have called a single witness that asked to be heard in opposition to this bill, except those that are intimately connected with the Farm Bureau. Do you know of anybody else?

Mr. JOHNSON. I don't know of anybody else, Mr. Chairman. As I say, we have our doubts about the promotion of a raw product, and we would like to see the millers and some of the other people who are going to benefit from this program, if it will benefit them, counted in to help pay some of the costs.

The CHAIRMAN. Well, I believe with that observation I would like to see it too, and I think there is a possibility that the manufacturers and handlers might make a contribution.

Mr. JOHNSON. Well, I am encouraged by the statement made here by a witness that they could expect these funds to be matched.

But if this is the case, what would be wrong with this committee providing some kind of a provision in this bill to also have the millers and others contribute? They seem to be most happy about having the farmers fund a promotion program of this scale, and I don't know why they shouldn't be counted in.

For example, now I understand that the millers pay, I think, 20 cents a bale, those at least who participate in the cotton council program. They pay 20 cents a bale to the cotton council. We are asking the producers to pay $1 a bale.

The CHAIRMAN. Well, don't they make a contribution to the PCA or the CPI?

Mr. JOHNSON. I think on some special projects you have—I am not an expert in this field—but apparently on some special promotion projects you have matching of funds or some type of arrangement like that.

But the beneficiaries of this program it seems to us have a big stake in putting together a fund of sufficient size to do some good, and here we are letting them off scot free, and we are giving them a voluntary program for sure.

The CHAIRMAN. Thank you very much, Mr. Johnson.

We call Mr. Harry Graham, legislative director of the National Grange.

STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE REPRESENTATIVE, NATIONAL GRANGE

Mr. GRAHAM. May I say, Mr. Poage, I think the chairman knows what I am going to say.

Mr. Chairman, I am going to, with your permission, file the statement that I have for the record. I would like to file the second statement that has in it a correction, and simply discuss some of the issues that have been raised.

Mr. POAGE. Without objection.

(The statement referred to follows:)

STATEMENT OF THE NATIONAL GRANGE

Mr. Chairman and members of the committee, I am Harry L. Graham, legislative representative of the National Grange. We appreciate very much this opportunity to testify in support of H.R. 12322.

For nearly a century, the Grange has been vitally concerned with the problem and welfare of the farm families and rural people of the Nation. At the 99th annual session of its delegate body last November, the following resolution was unaminously adopted:

"*Resolved*, That the National Grange support the efforts of cotton producers to obtain the enactment of appropriate legislation to enable them, subject to producer approval by referendum, to carry out cotton research and promotion programs, to be financed by uniform assessments on cotton producers throughout the Nation."

This resolution was an implementation of a fundamental policy of the Grange of long standing to support the efforts of producers of any agricultural commodity to obtain necessary enabling legislation whereby they may have the opportunity to carry out self-help research, advertising, and promotion programs to expand markets. This bill is such a producer self-help measure since (subject to producer approval by referendum) it will require the cotton producers to pay and cotton handlers to collect from them and to remit to a Cotton Board, responsible to and appointed by the Secretary of Agriculture from nominees made by cotton producers, an assessment on each bale of cotton handled, to be used to pay the cost of cotton research, advertising, and sales promotion programs developed and carried out by the producers themselves.

We believe that subsection (g) of section 7 of the bill is particularly well designed in that it will assure that no funds collected from cotton producers under the provisions of the bill will be used to finance programs of cotton research, advertising, or sales promotion, unless those programs have been initially developed by and are to be carried out by the producers themselves through their own representative organization. It seems to us that this provision is essential in order to create and sustain the incentive in cotton producers, which must continue to exist widely throughout all of the cotton-producing States, if it is to be expected that the producers will maximize their use of the tool for self-financing which this measure would make available to them.

The Grange, therefore, urges favorable action on this proposed legislation by this committee and by the Congress.

The Grange has always urged that there be some sharing by industry in the responsibility for the promoting of the use of agricultural products.

We note with approval the report of the Cotton Council International that countries accounting for over one-half of the free world's exports to Europe and Japan have taken steps toward putting up a dollar a bale to finance international market development for cotton.

"He [the executive director] said almost unbelievable amount of cooperation is available to cotton * * * from retailers, chains, government, manufacturers, and mills * * * if industry will provide program and funds to attract it." (Release from National Cotton Council.)

The Grange would urge that the industry allocate sufficient funds to match the promotional effort of farmers so that the full burden for promotion does not fall on those least able to bear it.

We would also warn the industry that this program does not offer an immediate panacea for all the ills of the cotton industry, and that their position urging further expansion of production is not only unrealistic but almost irresponsible in the light of production trends in the United States and the rest of the world, carryover stocks, and the level of the market price available to producers.

The function of the cotton program is not to furnish price depressing surpluses to domestic and foreign mills, but rather to create an orderly and balanced price market situation in which market factors can function on a more normal and orderly basis.

The Grange support for the legislation before this committee is strong and vigorous, but not unequivocal. If it is not continued as a part of a total program to bring cotton production into balance with market demand, then it can become another way of removing money from producer's pockets to benefit the

rest of the industry. If it is made a part of the total cotton program, and if, as it should be, it is matched by industry contributions, then it can make a substantial contribution toward longtime solution to the vexing and persistent cotton problem.

Mr. GRAHAM. I would like to read the resolution of the National Grange, which I think might be a relief to the proponents of this legislation to hear from a farm organization:

Resolved, That the National Grange support the efforts of cotton producers to obtain the enactment of appropriate legislation to enable them, subject to producer approval by referendum, to carry out cotton research and promotion programs, to be financed by uniform assessments on cotton producers throughout the Nation.

This, Mr. Chairman, in our judgment, is precisely what this legislation does.

I would point out that although this becomes a function of the Department of Agriculture, since the Department of Agriculture has some relationship to the integrity of the funds that are collected. This, in our judgment, does not put the complete control over these programs in the hands of the Secretary of Agriculture. It puts the control properly where it belongs, in the representatives of the cotton producers.

At that point, unless we misread the bill, we believe that these representatives of the producers can allocate funds to present and projected research programs of CPI and the National Cotton Council, and the projections of doom concerning these two important institutions seem to us to be unjustified and unsubstantiated.

The question of voluntary contributions and the contributions to the voluntary agencies was raised repeatedly by the witness this morning and the committee. I wish I felt I was in a position to give you the details of what has happened in one of the organizations of which the president of the Farm Bureau stated he was a member of the board of directors. The master of the National Grange is also a member of that same board of directors, the National Meat Board.

But I can tell you, Mr. Chairman, that if Mr. Shuman has read his mail, he will know that the decline in contributions that has plagued the cotton industry has been much greater in the meat industry, and if the committee would ask the meat board for a statement on this, I think probably they would get it.

The exact figure is something that I don't feel I am free to put in the record at this point. But there has been a substantial decline, and the substantial decline came at the point that the direct shipments, in which the Farm Bureau is also engaged, which bypassed the terminal markets, also bypassed the point of collection. There is no question but what the argument that the voluntary groups, where the marketing agencies are collecting this money, is the panacea of all the ills of the cotton industry as well as the rest of the industry, it simply is not borne out by the facts.

The thing that frightens me about the bill as it stands at the present time, in the light of the threatened opposition of the American Farm Bureau, which I am sure will materialize, is that we give them a 2-to-1 advantage immediately in the referendum under the two-thirds rule, and the friends of this bill and the friends of cotton and those who want to promote the use of cotton are at a disadvantage from the word

"go," because we have to vote twice to counteract their one negative vote.

Now I am not sure how far they would get with that because you had exactly the same threat thrown at you in the committee, in terms of the tobacco program of last spring.

We were assured that the tobacco producers were all against this. Yet when the referendum was held, there were almost 75 percent that voted for the acreage poundage limitation in the tobacco bill. So this is one of the things that troubles me a little, because it is so difficult to get information.

As Mr. Giffin pointed out the practical problem that is involved, it seems to be a great deal easier to get out misinformation that it is to get out information, and if we had the facilities for the distribution of information as available to us as the opponents for the distribution of misinformation, I think the odds might be evened up a little.

But the point is that this is good legislation. It is consistent with longtime Grange policy of supporting the right of producers to develop their own programs, to assess themselves for promotion of their own products, and with the assurance that we have had from the industry that they are willing to participate in this program cost, it has the approval and the vigorous support of the National Grange.

Mr. POAGE. Mr. Graham, as far as this question of combination by the producers is concerned, do you place any great importance to this referendum when each individual can counteract the law if he wants to, when nobody is compelled to put anything in, or let's put it that nobody is compelled to keep any money in this program, and as long as every producer has the opportunity to withdraw every dollar that he puts in, does it make much difference about whether there is two-thirds or nine-tenths or 1 percent that favors it? Nobody is going to be hurt. Anybody who doesn't like the program can get his money.

Mr. GRAHAM. My worry is not that one, Mr. Poage. I think this has been brought out repeatedly today, that this is the fact. My worry is that the program would not even get started in the original referendum.

Mr. POAGE. I know, but what I am asking you is do you see any special moral reason that we should have any vote of any kind?

Mr. GRAHAM. No.

Mr. POAGE. Every individual votes himself.

Mr. GRAHAM. Certainly.

Mr. POAGE. As to whether or not he wants to contribute the money, doesn't he?

Mr. GRAHAM. I see no difference in the basic concept of this and the voluntary wheat program or any other voluntary programs we have that do not require referendums. If it did not have this recovery clause, this would be an entirely different situation.

Mr. POAGE. But they do have the recovery clause.

Mr. GRAHAM. Consequently despite the fact that our resolution says "supported by referendum," from the discussion that took place in the National Grange, I know they were considering some kind of a program from which there would be no voluntary withdrawal. And since you provided this, then I don't have to support that part of our program.

Mr. POAGE. There is no voluntary withdrawal from the wool bill, is there?

Mr. GRAHAM. Of course not, and tobacco.

Mr. POAGE. The witness for the Farm Bureau testified that they did support the wool bill, although they said that they objected to this particular phase of it, but they supported the bill, including this phase of it. And there is no withdrawal in the wool bill, is there?

Mr. GRAHAM. Of course not. There never has been.

Mr. POAGE. No.

Mr. GRAHAM. It never was suggested.

Mr. POAGE. No. Now where then is the great matter of principle involved?

Mr. GRAHAM. It escapes me, Mr. Chairman.

Mr. POAGE. It does me too.

Mr. GATHINGS. Mr. Chairman, I would just want to say to the gentleman that I don't know of any members of your organization in Arkansas, but if you ever come to my congressional district, I assure you that I will get you up a good crowd of farmers.

Mr. GRAHAM. I will take you up on that one, Mr. Congressman.

Mr. GATHINGS. Every time you come before this committee, you bring something constructive. I haven't agreed with you all the time, but you have been pretty near right most of the time.

Mr. GRAHAM. From you that is high praise.

Mr. GATHINGS. So I would like to commend you for your testimony.

Mr. GRAHAM. Thank you.

Mr. POAGE. Are there any further questions? If not we are very much obliged to you, Mr. Graham. We do appreciate your testimony. We appreciate the effort on the part of you and of the Grange to try to work something out when we are faced with a difficult situation.

(The following letter was furnished for the record:)

AMERICAN FARM BUREAU FEDERATION,
Chicago, Ill., February 21, 1966.

Hon. HAROLD D. COOLEY,
Chairman, House Committee on Agriculture,
The House of Representatives,
Washington, D.C.

DEAR MR. COOLEY: In view of the testimony of Mr. Harry Graham of the National Grange at the hearings on H.R. 12322 I wish to supplement my testimony in order to set the record straight with regard to voluntary contributions for meat promotion.

Mr. Graham's reference to the National Meat Institute suggests that he has confused the American Meat Institute and the National Live Stock & Meat Board. I assume, however, that he meant to refer to the National Live Stock & Meat Board. In contrast to the American Meat Institute, which is a trade association of meatpackers, the National Live Stock & Meat Board is an industrywide organization for the promotion of red meats.

Producer contributions to the meat board are assembled by marketing agencies who do so on a voluntary basis at no pay. Mechanically, the account of sale includes a statement indicating that the contribution made by the producer at the time he markets his livestock is refundable on request. Market agencies refrain from withholding funds for the meat board when so requested by the owner of livestock. Contributions are made at the rate of 2 cents per head on cattle, two-thirds of 1 cent on hogs and calves and two-fifths of 1 cent on sheep and lambs. Efforts are being made to increase the per-head contributions to 3 cents on cattle and 1 cent on sheep and hogs. New sources of revenue, both

producers and packers, that have been brought into the board's program in the last 3 years are practically all on this basis.

Collections from producers are made on the Nation's terminal markets, auction markets, and by producer-owned cooperatives, both on and off the terminal markets, and by participating meatpackers on their direct purchases. Participating packers also make contributions for the livestock they slaughter on the same per-head basis. Obviously, participation both in the collection program and the financing program is voluntary on the part of meatpackers. Contributions are also made by certain livestock associations and the American Meat Institute.

Total collections remitted by market agencies, packers, and livestock associations for the last 3 complete fiscal years (May 1 to April 30) have been as follows:

1962–63	$1,011,700.21
1963–64	1,022,146.96
1964–65	1,044,481.52

Meat board collections have been down in recent months primarily because farmers have been marketing fewer hogs. In the first 7 months of its 1965–66 fiscal year (May through November 1965) the meat board's cash collections totaled $566,043.48, a decline of 4.1 percent from the $590,500.07 collected in the same period a year earlier. In this same 7-month period cattle slaughter was up 4 percent, but the commercial slaughter of hogs was down 11.1 percent from 1964.

The allegation that meat board collections have been adversely affected by Farm Bureau participation in direct marketing activities is not true. The producer-owned marketing agencies affiliated with Farm Bureau are cooperating with the meat board. The major packers generally collect contributions from producers on direct marketings in addition to making similar contributions from their own funds on the livestock they slaughter.

Sincerely yours,

CHARLES B. SHUMAN, *President.*

Mr. POAGE. Is there anyone else who would care to be heard on this bill one way or the other? If there is no one else, Mr. Heimburger would like to make a statement.

Mr. HEIMBURGER. I will take a microphone, if you don't mind.

Mr. POAGE. Yes, sir; by all means.

Mr. HEIMBURGER. Mr. Chairman, I have been requested to make two statements, first by Clarence H. Girard, who appeared here yesterday on behalf of the Department of Agriculture.

During the questioning of Mr. Girard, he was asked whether or not the Wool Act authorized the determination of the referendum by two-thirds of the volume represented in the referendum or only by two-thirds of the head count. He answered that his memory was that the Wool Act provided that only for two-thirds of the number of people voting.

His memory turned out to be incorrect, and he called me this morning to remind me of it. The Wool Act does provide that the referendum may be carried by two-thirds of the number voting or two-thirds of the volume represented in the referendum.

Now just before the meeting adjourned this morning, the Chair asked me haven't we been doing this same thing under the act of 1937, the Marketing Agreement Act. Didn't we recently pass a bill to authorize this for various commodities.

The answer is, Mr. Chairman, that we have been doing exactly this same thing proposed for cotton for other commodities under the Marketing Agreement Act of 1937. That act provides, and I want to get this accurate, so forgive me if I read it from the law—one of the pur-

poses for which agricultural marketing orders may be issued under the Marketing Agreement Act is:

"For establishing or providing for the establishment of marketing research and development projects designed to assist, improve, or promote the marketing, distribution, and consumption of any such commodity or product, the expense of such projects to be paid from funds collected pursuant to the marketing order?"

Now this is not a new provision. This went into the Marketing Agreement Act in 1954, and I am informed by the Department of Agriculture today that out of 48 marketing orders for products other than milk, which are now operational under this act, 33 of them contain provisions for collections of funds from the participants for research and market development.

The thing Mr. Cooley referred to as having been enacted recently was a bill we had last year which permitted a number, some 14 in number, of commodities to collect funds on this same basis for paid advertising.

Paid advertising is not permitted under the provision I just read. But we did pass a bill by unanimous consent in House last year, and it passed the Senate and became law, which permits the mandatory collection of funds under these marketing orders for paid advertising.

I might say a similarity between the bill here and the Marketing Order Act is that in that act also the referendum can be carried either by two-thirds of the number voting or by two-thirds of the volume represented in the referendum. The only difference is that the collection is mandatory under the Agricultural Marketing Act of 1937, and the payee has no opportunity whatever to get his money back, and in fact will be sued by the U.S. Department of Agriculture for collection of the money, if he doesn't pay it.

Mr. POAGE. Thank you, Mr. Heimburger. Are there any more questions? If not we are very much obliged. The committee will stand adjourned, and we will meet at the call of the Chair in executive session to work on the bill.

Thank you all.

The committee is adjourned.

(Whereupon, at 5:30 p.m., the committee adjourned, subject to the call of the Chair.)

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For Legislative History File
P.L. 502

COTTON RESEARCH AND PROMOTION ACT

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON AGRICULTURE AND FORESTRY UNITED STATES SENATE

EIGHTY-NINTH CONGRESS

SECOND SESSION

ON

H.R. 12322

A BILL TO ENABLE COTTONGROWERS TO ESTABLISH, FINANCE, AND CARRY OUT A COORDINATED PROGRAM OF RESEARCH AND PROMOTION TO IMPROVE THE COMPETITIVE POSITION OF, AND TO EXPAND MARKETS FOR, COTTON

APRIL 25 AND 26, 1966

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COTTON RESEARCH AND PROMOTION ACT

MONDAY, APRIL 25, 1966

U.S. SENATE,
SUBCOMMITTEE ON AGRICULTURAL PRODUCTION,
MARKETING AND STABILIZATION PRICES
OF THE COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 324, Old Senate Office Building, Senator Spessard L. Holland (chairman of the subcommittee) presiding.

Present: Senators Holland, Jordan of North Carolina, McGovern, Mondale, and Young of North Dakota.

Senator HOLLAND. The subcommittee will please come to order.

This is a hearing on H.R. 12322 entitled "An act to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton."

I will first include in the hearing record a copy of the proposed legislation, H.R. 12322.

(H.R. 12322 is as follows:)

[H.R. 12322, 89th Cong., 2d sess.]

AN ACT To enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be known as the Cotton Research and Promotion Act.

LEGISLATIVE FINDINGS AND DECLARATION OF POLICY

SEC. 2. Cotton is the basic natural fiber of the Nation. It is produced by many individual cottongrowers throughout the various cotton-producing States of the Nation. Cotton moves in large part in the channels of interstate and foreign commerce and such cotton which does not move in such channels directly burdens or affects interstate commerce in cotton and cotton products. All cotton produced in the United States is in the current of interstate or foreign commerce or directly burdens, obstructs, or affects interstate or foreign commerce in cotton and cotton products. The efficient production of cotton and the maintenance and expansion of existing markets and the development of new or improved markets and uses is vital to the welfare of cottongrowers and those concerned with marketing, using, and processing cotton as well as the general economy of the Nation. In the years since World War II, United States cotton and the products thereof have been confronted with intensive competition, both at home and abroad, from foreign-grown cotton and from other fibers, primarily manmade fibers. The great inroads on the market and uses for United States cotton which have been made by manmade fibers have been largely the result of extensive research and promotion which have not been effectively matched by cotton research and promotion. The production and marketing of cotton

by numerous individual farmers have prevented the development and carrying out of adequate and coordinated programs of research and promotion necessary to the maintenance and improvement of the competitive position of, and markets for, cotton. Without an effective and coordinated method for assuring cooperative and collective action in providing for, and financing such programs, individual cotton farmers are unable adequately to provide or obtain the research and promotion necessary to maintain and improve markets for cotton.

It has long been found to be in the public interest to have, or endeavor to have, a reasonable balance between the supply of and demand for cotton grown in this country. To serve this public interest the Congress has provided for the comprehensive exercise of regulatory authority in regulating the handling of such cotton supplemented by price-support programs with the objective of adjusting supply to demand in the interest of benefiting producers and all others concerned with the production and handling of cotton as well as the general economy of the country. In order for the objective of such programs to be effectuated to the fullest degree, it is necessary that the existing regulation of marketing be supplemented by providing as part of the overall governmental program for effectuating this objective, means of increasing the demand for cotton with the view of eventually reducing or eliminating the need for limiting marketings and supporting the price of cotton.

It is therefore declared to be the policy of the Congress and the purpose of this Act that it is essential in the public interest through the exercise of the powers provided herein, to authorize and enable the establishment of an orderly procedure for the development, financing through adequate assessments on all cotton harvested in the United States, and carrying out an effective and continuous coordinated program of research and promotion designed to strengthen cotton's competitive position and to maintain and expand domestic and foreign markets and uses for United States cotton.

COTTON RESEARCH AND PROMOTION ORDERS

SEC. 3. To effectuate the declared policy of this Act, the Secretary shall, subject to the provisions of this Act, issue and from time to time amend, orders applicable to persons engaged in the harvesting, marketing, ginning, or other handling of cotton, hereinafter referred to as handlers. Such orders shall be applicable to all production or marketing areas, or both, in the United States.

NOTICE AND HEARING

SEC. 4. Whenever the Secretary has reason to believe that the issuance of an order will tend to effectuate the declared policy of this Act, he shall give due notice and opportunity for a hearing upon a proposed order. Such hearing may be requested and a proposal for an order submitted by any cotton producer organization certified pursuant to section 14 of this Act or by any other interested person or persons, including the Secretary.

FINDING AND ISSUANCE OF AN ORDER

SEC. 5. After notice and opportunity for hearing as provided in section 4, the Secretary shall issue an order if he finds, and sets forth in such order, upon the evidence introduced at such hearing, that the issuance of such order and all the terms and conditions thereof will tend to effectuate the declared policy of this Act.

PERMISSIVE TERMS IN ORDER

SEC. 6. Orders issued pursuant to this Act shall contain one or more of the following terms and conditions, and except as provided in section 7, no others.

(a) Providing for the establishment, issuance, effectuation, and administration of appropriate plans or projects for the advertising and sales promotion of cotton and its products and for the disbursement of necessary funds for such purposes: *Provided, however*, That any such plan or project shall be directed toward increasing the general demand for cotton or its products but no reference to a private brand or trade name shall be made if the Secretary determines that such reference will result in undue discrimination against the cotton products of other persons: *And provided further*, That no such advertising or sales promotion programs shall make use of false or unwarranted claims in behalf of cotton or its

products or false or unwarranted statements with respect to the quality, value, or use any competing product.

(b) Providing for establishing and carrying on research and development projects and studies with respect to the production, ginning, processing, distribution, or utilization of cotton and its products, to the end that the marketing and utilization of cotton may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(c) Providing that handlers or any class of handlers maintain and make available for inspection such books and records as may be required by the order and for the filing of reports by such handlers at the times, in the manner, and having the content prescribed by the order, to the end that information and data shall be made available to the Cotton Board and to the Secretary which is appropriate or necessary to the effectuation, administration, or enforcement of the Act or of any order or regulation issued pursuant to this Act: *Provided, however*, That all information so obtained shall be kept confidential by all officers and employees of the Department of Agriculture and of the Cotton Board, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or upon the request, of the Secretary of Agriculture, or to which he or any officer of the United States is a party, and involving the order with reference to which the information so to be disclosed was furnished or acquired. Nothing in this section shall be deemed to prohibit (1) the issuance of general statements based upon the reports of a number of handlers subject to an order, which statements do not identify the information furnished by any person, or (2) the publication by direction of the Secretary, of the name of any person violating any order, together with a statement of the particular provisions of the order violated by such person. Any such officer or employee violating the provisions of this subsection shall upon conviction be subject to a fine of not more than $1,000 or to imprisonment for not more than one year, or to both, and shall be removed from office.

(d) Terms and conditions incidental to and not inconsistent with the terms and conditions specified in this Act and necessary to effectuate the other provisions of such order.

REQUIRED TERMS IN ORDERS

SEC. 7. Orders issued pursuant to this Act shall contain the following terms and conditions:

(a) Providing for the establishment and selection by the Secretary, of a Cotton Board, and defining its powers and duties, which shall include only the powers:

(1) To administer such order in accordance with its terms and provisions;

(2) To make rules and regulations to effectuate the terms and provisions of such order, including the designation of the handler responsible for collecting the producer assessment;

(3) To receive, investigate, and report to the Secretary complaints of violations of such order; and

(4) To recommend to the Secretary amendments to such order.

(b) Providing that the Cotton Board shall be composed of representatives of cotton producers selected by the Secretary from nominations submitted by eligible producer organizations within a cotton-producing State, as certified pursuant to section 14 of this Act, or, if the Secretary determines that a substantial number of producers are not members of or their interests are not represented by any such eligible producer organizations, from nominations made by producers in the manner authorized by the Secretary, so that the representation of cotton producers on the Board for each cotton-producing State shall reflect, to the extent practicable, the proportion which that State's marketings of cotton bears to the total marketings of cotton in the United States: *Provided, however*, That each cotton-producing State shall be entitled to at least one representative on the Cotton Board.

(c) Providing that the Cotton Board shall, subject to the provisions of subsection (g) of this section, develop and submit to the Secretary for his approval any advertising or sales promotion or research and development plans or projects, and that any such plan or project must be approved by the Secretary before becoming effective.

(d) Providing that the Cotton Board shall, subject to the provisions of subsection (g) of this section, submit to the Secretary for his approval, budgets

on a fiscal period basis of its anticipated expenses and disbursements in the administration of the order, including probable costs of advertising and promotion and research and development projects.

(e) Providing that the producer or other person for whom the cotton is being handled shall pay to the handler of cotton designated by the Cotton Board pursuant to regulations issued under the order and that such handler of cotton shall collect from the producer or other person for whom the cotton, including cotton owned by the handler, is being handled, and shall pay to the Cotton Board, an assessment prescribed by the order, on the basis of bales of cotton handled, for such expenses and expenditures, including provision for a reasonable reserve, as the Secretary finds are reasonable and likely to be incurred by the Cotton Board under the order, during any period specified by him. To facilitate the collection and payment of such assessments, the Cotton Board may designate different handlers or classes of handlers to recognize differences in marketing practices or procedures utilized in any State or area, except that no more than one such assessment shall be made on any bale of cotton. The rate of assessment prescribed by the initial order shall be $1 per bale of cotton handled, and such rate may not be changed except by further order duly approved by the Secretary on the basis of a hearing and subject to approval by cotton producers in a referendum pursuant to section 8. The Secretary may maintain a suit against any person subject to the order for the collection of such assessment, and the several district courts of the United States are hereby vested with jurisdiction to entertain such suits regardless of the amount in controversy: *Provided*, That the remedies provided in this section shall be in addition to, and not exclusive of, the remedies provided for elsewhere in this Act or now or hereafter existing at law or in equity.

(f) Providing that the Cotton Board shall maintain such books and records and prepare and submit such reports from time to time, to the Secretary as he may prescribe, and for appropriate accounting by the Cotton Board with respect to the receipt and disbursement of all funds entrusted to it.

(g) Providing that the Cotton Board, with the approval of the Secretary, shall enter into contracts or agreements for the development and carrying out of the activities authorized under the order pursuant to sections 6 (a) and (b), and for the payment of the costs thereof with funds collected pursuant to the order, with an organization or association whose governing body consists of cotton producers selected by the cotton producer organizations certified by the Secretary under section 14, in such manner that the producers of each cotton-producing State will, to the extent practicable, have representation on the governing body of such organization in the proportion that the cotton marketed by the producers of such State bears to the total cotton marketed by the producers of all cotton-producing States, subject to adjustments to reflect lack of participation in the program by reason of refunds under section 11. Any such contract or agreement shall provide that such contracting organization or association shall develop and submit annually to the Cotton Board, for the purpose of review and making recommendations to the Secretary, a program of research, advertising, and sales promotion projects, together with a budget, or budgets, which shall show the estimated cost to be incurred for such projects, and that any such projects shall become effective upon approval by the Secretary. Any such contract or agreement shall also provide that the contracting organization shall keep accurate records of all its transactions and make an annual report to the Cotton Board of activities carried out and an accounting for funds received and expended, and such other reports as the Secretary may require.

(h) Providing that no funds collected by the Cotton Board under the order shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsection (a) (4) of this section.

REQUIREMENT OF REFERENDUM AND COTTON PRODUCER APPROVAL

SEC. 8. The Secretary shall conduct a referendum among cotton producers for the purpose of ascertaining whether the issuance of an order is approved or favored by producers. No order issued pursuant to this Act shall be effective unless the Secretary determines that the issuance of such order is approved or favored by not less than two-thirds of the cotton producers voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production of cotton, or by cotton producers voting in the referendum who, during such representative period, have produced at least two-thirds of the volume of cotton produced by such producers.

SUSPENSION AND TERMINATION OF ORDERS

SEC. 9. (a) The Secretary shall, whenever he finds that any order issued under this Act, or any provision thereof, obstructs or does not tend to effectuate the declared policy of this Act, terminate or suspend the operation of such order or such provision thereof.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of 10 per centum or more of the number of cotton producers voting in the referendum approving the order, to determine whether cotton producers favor the termination or suspension of the order, and he shall suspend or terminate such order at the end of the marketing year, as defined in the order, whenever he determines that suspension or termination of the order is approved or favored by a majority of the producers of cotton voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production of cotton, and who produced more than 50 per centum of the volume of the cotton produced by the cotton producers voting in the referendum.

(c) The termination or suspension of any order, or any provision thereof, shall not be considered an order within the meaning of this Act.

PROVISIONS APPLICABLE TO AMENDMENTS

SEC. 10. The provisions of this Act applicable to orders shall be applicable to amendments to orders.

PRODUCER REFUNDS

SEC. 11. Notwithstanding any other provision of this Act, any cotton producer against whose cotton any assessment is made and collected from him under the authority of this Act and who is not in favor of supporting the research and promotion program as provided for herein shall have the right to demand and receive from the Cotton Board a refund of such assessment: *Provided*, That such demand shall be made personally by such producer in accordance with regulations and on a form and within a time period prescribed by the Board and approved by the Secretary, but in no event less than ninety days, and upon submission of proof satisfactory to the Board that the producer paid the assessment for which refund is sought, and any such refund shall be made within sixty days after demand therefor.

PETITION AND REVIEW

SEC. 12. (a) Any person subject to any order may file a written petition with the Secretary, stating that any such order or any provision of such order or any obligation imposed in connection therewith is not in accordance with law and praying for a modification thereof or to be exempted therefrom. He shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations made by the Secretary. After such hearing, the Secretary shall make a ruling upon the prayer of such petition which shall be final, if in accordance with law.

(b) The district courts of the United States in any district in which such person is an inhabitant, or has his principal place of business, are hereby vested with jurisdiction to review such ruling, provided a complaint for that purpose is filed within twenty days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the Secretary by delivering to him a copy of the complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted pursuant to subsection (a) of this section shall not impede, hinder, or delay the United States or the Secretary from obtaining relief pursuant to section 13(a) of this Act.

ENFORCEMENT

SEC. 13. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating any order or regulation made or issued pursuant to this Act.

(b) Any handler who willfully violates any provision of any order issued by the Secretary under this Act, or who willfully fails or refuses to collect or remit

any assessment or fee duly required of him thereunder, shall be liable to a penalty of not more than $1,000 for each such offense which shall accure to the United States and may be recovered in a civil suit brought by the United States.

CERTIFICATION OF COTTON PRODUCER ORGANIZATION

SEC. 14. The eligibility of each cotton producer organization to represent cotton producers of a cotton producing State to request the issuance of an order under section 4, and to participate in the making of nominations under section 7(b) shall be certified by the Secretary and shall be based in addition to other available information upon a factual report submitted by the organization which shall contain information deemed relevant and specified by the Secretary for the making of such determination, including the following:

(a) Geographic territory within the State covered by the organization's active membership;

(b) Nature and size of the organization's active membership in the State, proportion of total of such active membership accounted for by farmers, a map showing the cotton-producing counties in such State in which the organization has members, the volume of cotton produced in each such county, the number of cotton producers in each such county, and the size of the organization's active cotton producer membership in each such county;

(c) The extent to which the cotton producer membership of such organization is represented in setting the organization's policies;

(d) Evidence of stability and permanency of the organization;

(e) Sources from which the organization's operating funds are derived;

(f) Functions of the organization; and

(g) The organization's ability and willingness to further the aims and objectives of this Act:

Provided, however, That the primary consideration in determining the eligibility of an organization shall be whether its cotton farmer membership consists of a sufficiently large number of the cotton producers who produce a relatively significant volume of cotton to reasonably warrant its participation in the nomination of members for the Cotton Board. The Secretary shall certify any cotton producer organization which he finds to be eligible under this section, and his determination as to eligibility shall be final.

REGULATIONS

SEC. 15. The Secretary is authorized to make such regulations with the force and effect of law, as may be necessary to carry out the provisions of this Act and the powers vested in him by this Act.

INVESTIGATIONS: POWER TO SUBPENA AND TAKE OATHS AND AFFIRMATIONS: AID OF COURT: SELF-INCRIMINATION

SEC. 15. (a) The Secretary may make such investigations as he deems necessary for the effective carrying out of his responsibilities under this Act or to determine whether a handler or any other person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, or of any order, or rule or regulation issued under this Act. For the purpose of any such investigation, the Secretary is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents which are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpena issued to, any person, including a handler, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring such person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any

such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

(b) No person shall be excused from attending and testifying or from producing books, papers, and documents before the Secretary, or in obedience to the subpena of the Secretary, or in any cause or proceeding, criminal or otherwise, based upon or growing out of any alleged violation of this Act, or of any order, or rule or regulation issued thereunder on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

DEFINITIONS

SEC. 17. As used in this Act:

(a) The term "Secretary" means the Secretary of Agriculture.

(b) The term "person" means any individual, partnership, corporation, association, or any other entity.

(c) The term "cotton" means all upland cotton harvested in the United States, and, except as used in section 7(e), includes cottonseed of such cotton and the products derived from such cotton and its seed.

(d) The term "handler" means any person who handles cotton or cottonseed in the manner specified in the order or in the rules and regulations issued thereunder.

(e) The term "United States" means the 50 States of the United States of America.

(f) The term "cotton-producing State" means any State in which the average annual production of cotton during the five years 1960–1964 was twenty thousand bales or more, except that any State producing cotton whose production during such period was less than such amount shall under regulations prescribed by the Secretary be combined with another State or States producing cotton in such manner that such average annual production of such combination of States totaled twenty thousand bales or more, and the term "cotton-producing State" shall include any such combination of States.

(g) The term "marketing" includes the sale of cotton or the pledging of cotton to the Commodity Credit Corporation as collateral for a price-support loan.

SEPARABILITY

SEC. 18. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION

SEC. 19. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such funds as are necessary to carry out the provisions of this Act. The funds so appropriated shall not be available for the payment of the expenses or expenditures of the Cotton Board in administering any provisions of any order issued pursuant to the terms of this Act.

EFFECTIVE DATE

SEC. 20. This Act shall take effect upon enactment.

Passed the House of Representatives March 3, 1966.

Attest:

RALPH R. ROBERTS, *Clerk.*

Senator HOLLAND. I understand that the Department of Agriculture in a letter dated February 7 of this year addressed to the chairman of the Committee on Agriculture in the House of Representatives, the Honorable Harold D. Cooley, and signed by John A. Schnittker, Acting Secretary, has recommended the enactment of this legislation with

amendments. I ask that the letter of Mr. Schnittker dated February 7 be incorporated in the record.

(The letter referred to follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D.C., February 7, 1966.

HON. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR MR. CHAIRMAN: This is in reply to your request for a report on, and a section-by-section analysis of, H.R. 12322, a bill to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

The Department supports the bill and recommends that it be passed. There are several provisions of the bill, however, which merit special attention by the committee. These will be discussed later in this report.

The need for this legislation is ably stated in the legislative findings set forth in section 2. This need is underscored by the high and rising costs of Government cotton programs, the recent rapid increase in carryover, and the continued decline in cotton's share of the fiber market. The expanded research and promotion programs provided by the bill, if carefully conceived and responsibly carried out with complete and close coordination with existing Federal and State programs, should make a desirable contribution toward increasing the markets for cotton.

The following are some of the facts concerning the problem to which the bill is addressed:

Realized losses incurred by Commodity Credit Corporation on upland cotton price support and related programs and expenditures under direct payment programs have totaled $3,006 million during the past 10 years—ranging from $62 million in 1956 to $601 million in 1965. In addition, losses on loan and owned inventories as of June 30, 1965, were estimated at $541 million. These losses and expenditures do not include administrative costs or costs incurred in operation of the Public Law 480 programs that have accounted for substantial volumes of cotton exports. In spite of these expenditures, the carryover of cotton has mounted steadily since 1961, reaching a near record high of 14 million bales in 1965, and a projection of about 16 million bales in 1966.

Cotton has been confronted with strong competition from manmade fibers in domestic outlets for the past two to three decades, but within the last 5 to 10 years the competition has become increasingly stronger.

Annual consumption of all fibers in the United States has increased from 6.7 in 1955 to 8.4 billion pounds in 1965. In contrast, total consumption of cotton has held fairly steady at about 4.4 in 1955 to 4.5 billion pounds in 1965. Manmade fibers have accounted for the increased consumption of all fibers in recent years. In the mid-1950's, about 2 billion pounds of manmade fibers were consumed annually, compared to about 3.6 billion pounds in 1965.

For the three decades, from 1930 to 1960, the cotton share of the total U.S. fiber market dropped from about 85 percent to 65 percent. Since 1960, cotton's share has declined at a much greater rate, dropping to 53 percent in 1965. In contrast, the manmade fiber share of the U.S. fiber market increase from 3.9 percent in 1930 to 29 percent in 1960, to 41 percent in 1964, and to 42.5 percent in 1965.

Per capita consumption of cotton has declined from about 26.5 pounds in 1955 to 23 pounds in 1965; whereas, per capital consumption of manmade fibers increased from 11.5 pounds in 1955 to 18.3 pounds in 1965.

Comparisons of production data also illustrate the growing competition confronting U.S. cotton. From the mid-1950's to the mid-1960's, production of manmade fibers doubled from an equivalent of about 5 million to 10 million bales of cotton. Noncellulosic fibers have accounted for most of this increase, rising from less than 1.7 million bales in 1955 (cotton equivalent) to 6 million bales in 1964. Plant expansions now underway will increase capacity by another 2 million bales within the next 12 months, and industry reports indicate that noncellulosic production will probably double within the next 5 years.

Rayon production in cotton equivalents has remained fairly stable at about 4 million bales for the past several years, although the cost of cotton to mills has been greater than the cost of rayon. In contrast, many of the noncellulosic man-

mades which are rapidly claiming uses previously held by cotton, sell for two to three times more than cotton. Clearly, noncellulosics have been winning markets from cotton on the basis of some advantage other than price per pound.

In contrast to the hundreds of thousands of cotton producers, U.S. production of noncellulosic manmade fibers is highly concentrated in a few firms. The eight largest firms account for about 90 percent of total output of the major types of noncellulosic fibers. This concentration of production in a few firms facilitates the financing by noncellulosic producers of research for specific fibers and the promotion of their use, and hence contributes to the substantial gains noncellulosic fibers have made in uses previously held by cotton.

It has been estimated that all U.S. producers of noncellulosic fibers will spend about $135 million in 1965 on research and development. It is estimated also that another $70 million will be spent for sales promotion. Thus, manufacturers of noncellulosic fibers will spend over $200 million for developing and promoting their product. By comparison, this expenditure is about seven times greater than the combined public and private outlays for development and promotion of cotton in 1965.

Attached is the requested section-by-section analysis of the bill; however, its important provisions may be summarized as follows:

H.R. 12322 provides enabling legislation for a program of advertising and trade promotion and research and development to promote the sale and use of domestic cotton, with direct costs to be financed by producer assessments. This is to be done through "cotton research and promotion orders," to be issued by the Secretary after notice and hearing and following approval by two-thirds of cotton producers participating in a referendum, by number or by volume of production.

The orders would contain one or more of four permissive provisions; i.e., (1) for advertising and sales promotion projects, (2) for research and development projects, (3) for handler reporting and recordkeeping, and (4) for incidental terms and conditions needed to effectuate other provisions of the order. However, any such advertising and promotion projects would be limited to improving the general demand for cotton or its products. No reference to private brand may be made if the Secretary determines undue discrimination would result, and false or unwarranted claims or statements may not be used on behalf of cotton or cotton products or in derogation of competing products.

Each order would also contain certain required terms. The order must provide for a Cotton Board with authority to administer the order, issue implementing regulations, report violations, and recommend other amendments. Such Board must be composed of producer representatives from each cotton State, with proportionate representation reflecting relative importance of each State in cotton marketings. Representatives from each State are to be seleced from nominations made by producer organizations to be certified by the Secretary for each State, but nominations may otherwise be made if the Secretary determines that certified organizations do not adequately represent producers of the State.

The Board also must develop and submit to the Secretary for approval, all plans and projects for advertising, promotion, research, or development, as well as budgets covering all anticipated costs and expenses. However, as written, this would be subject to a further requirement that such plans and budgets must originate with an exclusive contracting organization which would, in fact, develop and carry out all such plans and projects.

Under section 7(g), the Cotton Board, with the Secretary's approval, must enter into exclusive contracts with an organization or association controlled by producer representatives selected by State producer organizations certified by the Secretary under section 14 for the carrying out of all advertising, promotion, and research and development projects. Under such contract, such organization also must annually develop project programs and budgets and submit them to the Board for its review and recommendation to the Secretary, such projects to be effective upon approval by the Secretary.

The order also must provide that prescribed handlers of cotton shall collect assessments from producers and pay them over to the Board. Such assessments are to meet anticipated expenses of the Board, including program disbursements. The initial rate in an order is to be $1 per bale and such rate is not to be changed except by an amendment of the order recommended by the Cotton Board, approved by the Secretary, and approved by producer referendum.

The order also must require records, reports, and accounting by the Cotton Board with respect to all funds it handles.

Despite the provision for mandatory assessment against producers, section 11 provides for refunds thereof by the Cotton Board to individual producers, who personally must make written request for such refund within 30 days after payment by them, upon prescribed forms and supported by statements in writing from the handlers to whom the assessment was paid. Producers requesting refund are to be ineligible to vote in subsequent referendums until all refunds are repaid or the Board, by regulation, waives repayment.

Section 14 specifies the procedure and criteria for the Secretary's certification of producer organizations in each State for purposes of nominations for membership on the Cotton Board and selection of the governing body of the exclusive contracting organization which is actually to develop and carry out the promotion and research projects and spend the money therefor.

The bill also provides for statutory review of the lawfulness of orders or obligations thereunder, civil and criminal enforcement, the issuance of regulations by the Secretary, and power to conduct investigations, issue subpenas, etc.

The Department favors the enactment of the bill, but wishes to suggest several desirable modifications that merit consideration by the committee. These are:

1. Section 7(e) appears to place the primary obligation to pay assessments on individual producers, with collection to be made by handlers for turnover to the Cotton Board. It also provides for suits by the Secretary to enforce collection of such assessments.

This section is susceptible to the construction that a handler's obligation to pay assessments is conditioned upon his ability to collect from producers. If this is so, then any enforcement action to collect assessments, where the handler has failed to collect from a producer, would have to be taken against the producer. This could result in numerous lawsuits against individual producers for the collection of relatively small amounts of money. Any such attempts to enforce collection from producers may be further complicated by the fact that the amounts so collected from producers would be subject to immediate refund under section 11.

It is our understanding that the intention of section 7(e) is to require handlers to pay assessments, irrespective of whether they collect such assessments from producers. If our understanding is correct, the committee may wish to clarify section 7(e) by placing unequivocally on handlers the primary obligation to pay assessments, as is done in marketing orders under the Agricultural Marketing Agreement Act of 1937, after which the bill is patterned. This could be coupled by a direction to handlers that they reimburse themselves by collections from producers or other persons for whom the cotton is handled.

This method of handling assessments has not proven to be too burdensome on handlers under our fruit and vegetable marketing orders. Those handlers have been able to reimburse themselves through contractual arrangements with producers. It is assumed that handlers of cotton will be able to adopt a similar approach.

Section 7(e) also provides that the initial assessment rate of $1 per bale shall not be changed except by an amendment to the order "recommended by the Cotton Board." Other amendments to the order can be proposed by any interested person, including the Secretary. Conceivably, important producer or other industry groups may wish to propose revisions of the assessment rate and the Secretary may find reason to believe that the proposed revisions may tend to effectuate the policy of the act. Yet a hearing on the proposals could be blocked by the failure or refusal of the Cotton Board to recommend the revisions.

While the rate of assessment is important, there may be included in an order other provisions of equal importance. We are unable to ascertain a justifiable reason why the procedure for amending the assessment provision should differ from that applicable to other amendments. We, therefore, suggest the desirability of amending the bill to remove this difference in treatment.

If the committee should desire to modify section 7(e), this could be done by substituting the following in the place of the first two sentences of section 7(e) (p. 9, lines 14–24, and p. 10, lines 1–4):

"(e) Providing, that each handler of cotton, as prescribed by the order, shall pay to the Cotton Board such handler's pro rata share, on the basis of bales of cotton handled, including cotton of his own production, of such expenses and expenditures, including provision for a reasonable reserve, as the Secretary finds

are reasonable and likely to be incurred by the Cotton Board under the order, during any period specified by him; such rate of assessment shall be fixed by the Secretary in the order. The initial rate of assessment under an order shall be $1 per bale of cotton handled, and such rate may not be changed except by amendment of the order duly approved by the Secretary on the basis of a hearing and subject to approval by cotton producers in a referendum pursuant to section 8. The order also shall provide that handlers who pay such assessments shall collect such amounts from the producer or other person from whom or on whose behalf the cotton was acquired or handled. * * *"

2. A technical amendment of section 12(a) also may be desirable. As the section is now written, a petition for review addressed to alleged unlawfulness of an order is limited to the entire order, but would not extend to review of a particular provision of an order. We suggest that the phrase "or any provision of such order" be inserted after "any such order" in the first sentence (p. 14, lines 18–19). As so modified, this section would conform more closely to section 8c(15)(A) of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 608c (15)(A)).

3. In section 14 dealing with certification of cotton-producer organizations by the Secretary it may be desirable to permit the Secretary to use information otherwise available to him outside the report in evaluating the qualifications of the applicant. Thus records of the Department may contain valuable data pertinent to such determination. It is, therefore, suggested that the words "in addition to other available information," be inserted immediately after the word "based" in the first sentence of section 14 (p. 16, line 14).

Enactment of this proposed legislation would require an initial estimated cost of $400,000 for referendum hearings and related items and a recurring annual cost of approximately $50,000 for Federal administration associated with the program.

The Bureau of the Budget has advised that time considerations have not permitted the determination as to the relationship of this bill to the administration's program.

Sincerely yours,

JOHN A. SCHNITTKER,
Acting Secretary.

Senator HOLLAND. The staff of our committee has drafted a short explanation of this legislation, and I ask that that staff explanation be included in the record at this time.

(The staff explanation of H.R. 12322 follows:)

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY STAFF EXPLANATION OF H.R. 12322

SHORT EXPLANATION

H.R. 12322, as passed by the House, provides for the collection from upland cotton producers of funds (initially $1 per bale) for upland cotton research and promotion. Collection would be made by handlers designated by a Cotton Board in accordance with an order issued by the Secretary of Agriculture after notice, hearing, and a producer referendum. Two-thirds in volume or number of the producers voting in the referendum would be required for approval. The amount collected from any producer who did not wish to contribute would be later refunded upon the producer's application made in a prescribed time and manner.

THE MECHANICS OF THE BILL

Issuance of order.—The mechanics are as follows: If the Secretary had reason to believe that an order would tend to effectuate the act (i.e. provide an orderly procedure for the development, financing, and carrying out of a cotton research and promotion program), he would provide notice and opportunity for hearing on a proposed order. If after hearing he found that the order would effectuate the act, he would issue the order, to be effective only if approved by two-thirds in number or volume of the producers voting in a referendum. An order, or any provision of it, would be terminated or suspended if the Secretary found it did not effectuate the act. An order could also be terminated if such action was

favored by more than 50 percent in number and volume of the producers voting in a referendum conducted by the Secretary on his own motion or at the request of 10 percent of the number of producers who voted in the referendum approving the order.

Provisions of order.—An order could contain provisions for (1) a cotton advertising and sales promotion program, (2) cotton research and development projects, (3) reports and inspection of handlers' books and records, and (4) incidental and necessary terms.

Cotton Board.—An order would be required to provide for selection of a Cotton Board to administer it, make rules, investigate and report violations, and recommend amendments to it. The Cotton Board would be composed of representatives of cotton producers selected by the Secretary from nominations submitted by producer organizations within the respective "cotton producing" States, or (if a substantial number of producers are not represented by such organizations) from nominations submitted by producers in the manner authorized by the Secretary, so that each "cotton producing" State will have at least one representative and representation will be proportionate to State cotton marketings. Subject to aproval by the Secretary, the Board would develop the promotion or development programs authorized by the order and budgets therefor, and enter into contracts for developing and carrying out such programs with an organization whose governing body consists of cotton producers selected by cotton producer organizations of "cotton producing" States so that each State is represented in proportion to cotton marketings (subject to adjustment to reflect refunds of amounts collected from producers). The Cotton Board would designate handlers who would be required to collect assessments from cotton producers, and each producer would be required to pay a prescribed assessment per bale handled. Under the initial order this would be $1 per bale.

Refunds.—A producer who did not want to contribute to the program could obtain a refund of each assessment by making a personal demand in accordance with regulations on a form and within the time (not less than 90 days) prescribed by the Board and approved by the Secretary.

Enforcement.—Provision is made for administrative and judicial review of the legality of order provisions; enforcement by civil suit, injunction, and civil penalties against handlers; regulations; and investigations (including subpena power and power to grant immunity).

State producer organizations.—The eligibility of a State producer organization of a "cotton producing" State to make nominations for the Cotton Board and to select members of the governing board of the organization to contract with the Cotton Board would be determined by the Secretary primarily upon whether its cotton farmer membership consists of a sufficiently large number of the cotton producers who produce a relatively significant volume of cotton to reasonably warrant its participation in the nomination of members for the Cotton Board. Other criteria for such determination are not specified, althought section 14 specifies a number of items of information to be supplied by the organization as part of the basis for such determination. A "cotton producing" State means a State with an average annual cotton production of at least 20,000 bales during 1960–64. States with lower production to be combined by the Secretary in units with 20,000 bales or more production.

Senator Holland. I understand the first witness is Mr. Clarence H. Girard, Deputy Administrator of Regulatory Programs, Consumer and Marketing Service, U.S. Department of Agriculture. Mr. Girard, we will be glad to hear you.

STATEMENT OF CLARENCE H. GIRARD, DEPUTY ADMINISTRATOR OF REGULATORY PROGRAMS, CONSUMER AND MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. Girard. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, I am accompanied by a number of specialists from the Department who will assist me with the chairman's permission in answering any questions the committee may care to ask with respect to this legislation.

Senator Holland. Please incorporate their names in the record at this time.

Mr. Girard. Mr. Charles W. Bucy, Assistant General Counsel, W. D. Maclay, Director of the research program development and evaluation staff, Mr. Frank Lowenstein, economist with the staff economists group, and Mr. Joseph A. Moss, Director of the cotton policy staff of the Agricultural Stabilization and Conservation Service.

I welcome this opportunity to appear before this committee to support H.R. 12322 and recommend that it be passed.

The bill is intended to enable cottongrowers to establish, finance and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

In the Department's favorable report on the bill to the chairman of the House Agriculture Committee, Under Secretary John A. Schnittker summarized the need for the bill as follows:

> The need for this legislation is ably stated in the legislative findings set forth in section 2. This need is underscored by the high and rising costs of Government cotton programs, the recent rapid increase in carryover, and the continued decline in cotton's share of the fiber market. The expanded research and promotion programs provided by the bill, if carefully conceived and responsibly carried out with complete and close coordination with existing Federal and State programs, should make a desirable contribution toward increasing the markets for cotton.

A number of facts concerning cotton, its production, marketing, uses, and the many problems associated therewith, are pertinent in the consideration of the objectives of the proposed legislation.

(1) Cotton is the Nation's No. 1 cash crop. It has an annual farm value of approximately $2.5 billion. Almost 10 million persons—workers and dependents—are involved in growing cotton and producing finished cotton products for consumers.

(2) Realized losses incurred by the Commodity Credit Corporation on upland cotton price support and related programs and expenditures under direct payment programs have totaled over $3 billion during the past 10 years. In spite of these losses and expenditures, the carryover of cotton has mounted steadily since 1961, reaching a near record high of 14 million bales in 1965, and a projection of about 16 million bales in 1966.

(3) Cotton has been confronted with strong competition from manmade fibers in domestic outlets for the past three decades, but within the last 5 to 10 years the competition has become increasingly stronger. From 1930 to 1960, cotton's share of the total U.S. fiber market dropped from about 85 percent to 65 percent. Since 1960, cotton's share has declined at a much greater rate, dropping to 53 percent in 1965. In contrast, the manmade fibers' share of the U.S. fiber market increased from 3.9 percent in 1930 to 29 percent in 1960, to 41 percent in 1964, and to 42.5 percent in 1965.

Many of the noncellulosic man mades, which are rapidly claiming uses previously held by cotton, sell for 2 to 3 times more than cotton. However, they continue to win new markets. Clearly, these noncellulosics have been winning markets from cotton on the basis of some advantage other than price per pound.

Senator HOLLAND. Excuse me. If you don't mind being interrupted, do you have the figures covering the total of manmade fibers showing the amount of the market held by cellulosic fibers and the amount held by noncellulosic fibers?

Mr. GIRARD. Mr. Lowenstein, of the staff economists group.

STATEMENT OF FRANK LOWENSTEIN, STAFF ECONOMISTS GROUP, U.S. DEPARTMENT OF AGRICULTURE

Mr. LOWENSTEIN. In 1965 the cellulosic fibers held 18.2 percent of the market.

Senator HOLLAND. What fibers?

Mr. LOWENSTEIN. Cellulosic—rayon and acetate.

Senator HOLLAND. That means from wood fiber?

Mr. LOWENSTEIN. From wood fiber primarily. The noncellulosic fibers held 23 percent of the market. Does that answer the question?

Senator HOLLAND. That is in the percentage of the total——

Mr. LOWENSTEIN. Do you want it in actual pounds?

Senator HOLLAND. I want the number of pounds, the volume or the amount, however you state it, of cloth made from wood fiber that is contained in the total nonmanmade fibers, and the total of noncellulosic contained in that total.

Mr. LOWENSTEIN. I have a table here, Mr. Chairman, which I think perhaps should be put in the record.

(The table is as follows:)

Mill consumption of fibers: Total and per capita, 1940–65

Year beginning Jan. 1	Population July 1 [1]	Cotton [2]			Wool [3]			Rayon and acetate [4]			Noncellulosic manmade fibers [5]			Manmade fiber waste [6]			Flax [7] and silk [8]			All fibers	
		Total	Percentage of fibers	Per capita	Total	Percentage of fibers	Per capita	Total	Percentage of fibers	Per capita	Total	Percentage of fibers	Per capita	Total	Percentage of fibers	Per capita	Total	Percentage of fibers	Per capita	Total [9]	Per capita [10]
	Million	*Million pounds*	*Percent*	*Pounds*	*Million pounds*	*Percent*	*Pounds*	*Million pounds*	*Percent*	*Pounds*	*Million pounds*	*Percent*	*Pounds*	*Million pounds*	*Percent*	*Pounds*	*Million pounds*	*Percent*	*Pounds*	*Million pounds*	*Pounds*
1940	132.1	3,959.1	80.4	30.0	407.9	8.3	3.1	482.1	9.8	3.6	4.3	0.1	(11)	12.3	0.2	0.1	59.7	1.2	0.5	4,925.3	37.3
1941	133.4	5,192.1	80.0	38.9	648.0	10.0	4.9	591.9	9.1	4.4	11.6	.2	0.1	14.0	.2	.1	35.3	.5	.3	6,492.8	48.7
1942	134.9	5,633.1	81.4	41.8	603.6	8.7	4.5	620.8	9.0	4.6	23.1	.3	.2	15.0	.2	.1	23.2	.4	.2	6,918.8	51.3
1943	136.7	5,270.6	79.5	38.6	636.2	9.6	4.7	656.1	9.9	4.8	35.3	.5	.3	21.4	.3	.2	13.6	.2	.1	6,633.2	48.5
1944	138.4	4,790.4	77.3	34.6	622.8	10.0	4.5	704.8	11.4	5.1	45.8	.7	.3	21.9	.4	.2	9.5	.2	.1	6,195.2	44.8
1945	139.9	4,515.8	75.1	32.3	645.1	10.7	4.6	769.9	12.8	5.5	49.8	.8	.4	25.4	.4	.2	8.4	.2	.1	6,014.4	43.0
1946	141.4	4,809.1	73.7	34.0	737.5	11.3	5.2	875.5	13.4	6.2	53.2	.8	.4	25.6	.4	.2	26.1	.4	.2	6,527.0	46.2
1947	144.1	4,665.6	72.5	32.4	698.2	10.8	4.9	987.9	15.4	6.9	51.4	.8	.4	18.6	.3	.1	12.0	.2	.1	6,433.7	44.6
1948	146.6	4,463.5	69.7	30.4	693.1	10.8	4.7	1,149.4	17.9	7.8	71.7	1.1	.5	18.6	.3	.1	12.9	.2	.1	6,409.2	43.7
1949	149.2	3,839.1	70.4	25.7	500.4	9.2	3.4	993.5	18.2	6.7	92.8	1.7	.6	15.6	.3	.1	10.1	.2	.1	5,451.5	36.5
1950	151.7	4,682.7	68.3	30.9	634.8	9.3	4.2	1,350.0	19.7	8.9	140.5	2.0	.9	28.0	.4	.2	21.4	.3	.1	6,857.5	45.2
1951	154.3	4,868.6	71.1	31.6	484.2	7.1	3.1	1,274.6	18.6	8.3	195.5	2.8	1.3	8.4	.1	.1	18.3	.3	.1	6,849.6	44.4
1952	157.0	4,470.9	69.4	28.5	466.4	7.2	3.0	1,214.7	18.8	7.7	249.0	3.9	1.6	26.4	.4	.2	19.3	.3	.1	6,446.6	41.1
1953	159.6	4,456.1	68.7	27.9	494.0	7.6	3.1	1,222.5	18.9	7.7	279.3	4.3	1.8	21.8	.3	.1	15.4	.2	.1	6,489.1	40.7
1954	162.4	4,127.3	68.4	25.4	384.1	6.4	2.4	1,154.7	19.1	7.1	328.6	5.4	2.0	25.0	.4	.2	15.5	.3	.1	6,035.2	37.2
1955	165.3	4,382.4	65.2	26.5	413.8	6.2	2.5	1,419.2	21.1	8.6	432.2	6.4	2.6	51.1	.8	.3	19.0	.3	.1	6,717.7	40.6
1956	168.2	4,362.6	66.6	25.9	440.8	6.7	2.6	1,200.9	18.3	7.1	484.0	7.4	2.9	42.4	.7	.3	20.6	.3	.1	6,551.2	38.9
1957	171.3	4,060.4	65.1	23.7	368.8	5.9	2.2	1,177.1	18.9	6.9	567.5	9.1	3.3	48.0	.8	.3	15.5	.2	.1	6,237.3	36.4
1958	174.1	3,866.9	64.8	22.2	331.1	5.5	1.9	1,127.3	18.9	6.5	575.3	9.6	3.3	61.7	1.0	.4	9.4	.2	.1	5,971.6	34.3
1959	177.1	4,334.5	63.3	24.5	435.3	6.4	2.5	1,252.5	18.3	7.1	741.4	10.8	4.2	70.9	1.0	.4	11.8	.2	.1	6,846.4	38.7
1960	180.7	4,190.9	64.6	23.2	411.0	6.3	2.3	1,055.4	16.3	5.8	761.7	11.7	4.2	60.8	.9	.3	11.6	.2	.1	6,491.5	35.9
1961	183.8	4,081.5	62.1	22.2	412.1	6.3	2.2	1,128.0	17.2	6.1	861.7	13.1	4.7	71.3	1.1	.4	12.7	.2	.1	6,567.3	35.7
1962	186.7	4,188.0	59.4	22.4	429.1	6.1	2.3	1,263.6	17.9	6.8	1,076.2	15.3	5.8	79.5	1.1	.4	12.4	.2	.1	7,048.8	37.8
1963	189.4	4,040.2	55.7	21.3	411.7	5.7	2.2	1,440.3	19.9	7.6	1,257.7	17.3	6.6	90.1	1.2	.5	13.1	.2	.1	7,253.1	38.3
1964	192.1	4,244.4	54.5	22.1	356.7	4.6	1.9	1,516.5	19.5	7.9	1,554.8	19.9	8.1	103.2	1.3	.5	14.2	.2	.1	7,789.8	40.6
1965 [12]	194.6	4,476.3	52.7	23.0	386.9	4.5	2.0	1,550.7	18.2	8.0	1,955.8	23.0	10.1	118.0	1.4	.6	13.3	.2	.1	8,501.0	43.7

[1] Bureau of the Census. Population continental United States as of July 1, including Armed Forces overseas.

[2] Mill consumption as reported by the Bureau of the Census. For American cotton, tare as reported by the Crop Reporting Board has been deducted; for foreign cotton, 3 percent (15 pounds) was deducted, (20 pounds beginning Aug. 1, 1958). Since 1950, data have been adjusted to year ended Dec. 31.

[3] Includes apparel and carpet wool on a scoured basis. Data from Wool Consumption reports of the Bureau of the Census.

[4] Textile Organon, publication of the Textile Economics Bureau, Inc. Includes filament and staple fibers. Data are U.S. producers' domestic shipments, plus imports for consumption.

[5] Textile Organon. Nylon, orlon, glass fiber, etc. U.S. production less exports plus imports for consumption.

[6] Producers' manmade fiber waste consumed by mills (excludes glass).

[7] Flax. Imports and estimated production. Bureau of the Census and Plant Industry through 1948. 1949–52 production was estimated by the Agricultural Marketing Service, Portland, Oreg., office. Imports only since the 1953 season.

[8] Silk. Bureau of the Census. Net imports through 1933. Since 1934, imports for consumption.

[9] Totals made from unrounded data.

[10] Total consumption divided by population and not a summation of per capita consumption of fibers.

[11] Less than 0.05 pound.

[12] Preliminary.

Senator HOLLAND. Does it give the figures that I have asked for?

Mr. LOWENSTEIN. It gives the figures you have asked for. In brief, we consumed 1,551 million pounds of rayon and acetate in 1965. We consumed 1,956 million pounds of noncellulosic fibers and total consumption of all fibers was——

Senator HOLLAND. Nearly 4 billion.

Mr. LOWENSTEIN. No, more than that. It was 8,150 million.

Senator HOLLAND. Let's see if I understand the situation. What is the total of cellulosic fibers? Did I understand you to say that is 1.5 billion?

Mr. LOWENSTEIN. 1.9, almost 2 billion.

Senator HOLLAND. And what is the total of manmade fibers?

Mr. LOWENSTEIN. I am sorry, the cellulosic is 1.5, you are right, and the noncellulosic is almost 2 billion.

Senator HOLLAND. That is what I thought.

Mr. LOWENSTEIN. Yes.

Senator HOLLAND. Those are the figures I have got here.

Mr. LOWENSTEIN. Yes.

Senator HOLLAND. In other words, that is a total of 3.456 billion.

Mr. LOWENSTEIN. That is right.

Senator HOLLAND. That covers both the cellulosic and the noncellulosic.

Mr. LOWENSTEIN. Correct.

Senator YOUNG. Could I ask at this point what the noncellulosic fibers are made of?

Senator HOLLAND. That is the next question I am going to get to. First though, the cellulosic you said was principally woodpulp. What else is included?

Mr. LOWENSTEIN. There are some cotton linters used to a small extent in these.

Senator HOLLAND. Then the wood fiber is roughly the 1.5 billion.

Mr. LOWENSTEIN. Yes.

Senator HOLLAND. All right, now we come to Senator Young's question. What is the source of the 1.956 billion noncellulosic?

Mr. LOWENSTEIN. Principally petrochemicals and some from coal.

Senator HOLLAND. What are the ordinary or trade names of the various products made from this noncellulosic fiber?

Mr. LOWENSTEIN. There are polyester fibers, that is the generic name. Dacron and Kodel are two brand names for polyester that come to mind immediately.

Senator JORDAN. Nylon.

Mr. LOWENSTEIN. Nylon is another one.

Senator JORDAN. Dacron, Orlon.

Mr. LOWENSTEIN. Acrylan and Orlon are two of the brand names for acrylic fibers. There are many of them.

Senator HOLLAND. What is the polyester one?

Mr. LOWENSTEIN. Polyester is Dacron, Kodel and there are some others which I can't think of at the moment—Fortrel.

Senator HOLLAND. And the nonpolyester?

Mr. LOWENSTEIN. Nylon is one of them and the others are acrylic-type fibers, such as, Acrylan and Orlon.

Senator HOLLAND. Senator Young, does that give the answer?

Senator JORDAN. They are made mostly from coal oil, coal derivatives and from oil.

Senator YOUNG. I have got a vague idea about our clothes being made out of wood and oil.

Senator JORDAN. All your rayons are made out of——

Senator HOLLAND. Do you have any breakdown as to the amounts of these fibers that come from petroleum sources as against those that come from coal?

Mr. LOWENSTEIN. We do not have that, but the great majority of them probably would be petroleum.

Senator HOLLAND. All right, sir, proceed.

Mr. GIRARD. Thank you, sir.

(4) Increased promotion and research efforts for cotton are critically needed. In contrast to the above 490,000 cotton producers, U.S. production of noncellulosic manmade fibers is highly concentrated in a few firms. The eight largest firms account for about 90 percent of total output of the major types of noncellulosic fibers. This concentration of production in a few firms with their vast resources facilitates the financing by noncellulosic producers of research for development of specific fibers and the promotion of their use, and hence contributes to the substantial gains noncellulosic fibers have made in uses previously held by cotton.

Reliable estimates indicate that U.S. producers of noncellulosic fibers spent about $135 million in 1965 on research and development. It is estimated that another $70 million was spent for sales promotion. Thus, manufacturers of noncellulosic fibers spent about $200 million for development and promotion of their products. By comparison, this expenditure is about seven times greater than the combined public and private outlays for development and promotion of cotton in 1965. And when we compare cotton promotion with manmade fibers the contrast is even greater. The ratio is about 18 to 1 in favor of manmade fibers.

Senator HOLLAND. On this point, you say reliable estimates indicate that the U.S. producers of noncellulosic fibers spent about $135 million last year on research and development. What is the source of your estimate?

Mr. GIRARD. Chemstrand Corp. is the source, and that seems to have been accepted by the various people who are knowledgeable in this area.

Senator HOLLAND. And what is the source of the estimate of $70 million for sales promotion?

Mr. GIRARD. That is the same source.

Senator HOLLAND. Chemstrand is the source of both of these estimates.

Mr. GIRARD. That is right, sir.

Senator HOLLAND. All right, thank you.

Mr. GIRARD. (5) Public and private research on cotton has done much, during the last 20 years, to increase efficiency of production, improve processing and handling procedures, and develop new or improved cotton products. Only this has enabled us to maintain cotton in as favorable competitive position as it is today. Several examples of researcch which have contributed to this situation are:

Better varieties and improved production practices have resulted in increased yields of about 15 pounds per acre per year during the past 15 years.

Inherent fiber quality characteristics have been greatly improved, important diseases and nematodes controlled, and insect resistance imparted.

Practical uses of chemicals for insect, fruit setting and weed control are commonplace.

Considerable advances have been made in the field of biological controls of insects.

Mechanical harvesting has become commonplace and better equipment has been developed for planting, fertilizing, cultivating and applying pesticides.

In the processing field, rapid advances have been made in cotton ginning to increase yield and grade.

There have been advances in seed cotton cleaning and the development of microspinning equipment has allowed for early selection in breeding programs for high quality.

In the use field, wash-wear and other cotton products and processes have retained or regained markets for cotton equivalent to 2.5 million bales annually, more than 25 percent of domestic consumption. For example, only recently an improved cotton batting is regaining some of the markets for this product in automobile seat cushioning, upholstering and bedding, markets lost to foam rubber and polyurethane foam.

COTTON RESEARCH

It is contemplated that the research programs and allocation of funds under the order to carry out research would be closely coordinated with existing Federal and State research programs. Such coordination is essential if duplication and waste are to be avoided and maximum results are to be achieved.

Following discussions between representatives of the cotton producers and Department research administrators, a task force of interagency representatives was established to consider what was needed in research on cotton. The group concluded that a well-balanced research and extension program directed toward lowering costs, increasing demand, and pricing effectively are the areas of research with greatest potential for returning substantial benefits to cotton farmers. The substance of the conclusions was:

1. Development and adoption of new production technology can help reduce costs but reductions cannot be fully realized without adjustment of acreage allotments and/or increased sales.

2. There is an urgent need for research to develop what might be called complete systems—to determine the market needs and the optimum complete system of producing, processing, and marketing to fill these needs.

3. Research in five broad research groupings is most urgent. These are cost reduction, demand expansion, effective pricing, improved quality evaluation, and evaluation of alternative ways to promote cotton.

Senator HOLLAND. At this point you recall that 2 or 3 years ago the Congress passed legislation for the setting up of a $10 million program of cost reduction for the production of cotton. I notice that you emphasize cost reduction both in your No. 1 item, "development and adoption of new production technology," and your No. 3 item, "research in five broad research groupings."

And you state the first of those as cost reduction. Why is it that the Department has been so slow to develop the $10 million program which was authorized, my recollection is 2 years ago.

Why is it that the Department has been so slow to develop the cost-reduction program in the production of cotton, which was authorized by the Congress 2 years ago.

Mr. GIRARD. As I understand it, Mr. Chairman, there are over 200 individual projects which have been undertaken, but I would prefer to have Dr. Maclay, who is our research expert in ARS who is in charge of this program amplify on that if I may.

STATEMENT OF W. D. MACLAY, DIRECTOR, RESEARCH PROGRAM DEVELOPMENT AND EVALUATION STAFF, U.S. DEPARTMENT OF AGRICULTURE

Mr. MACLAY. As I recall, 2 million out of 10 million.

Senator HOLLAND. 2 million has been set up?

Mr. MACLAY. Yes.

Senator HOLLAND. That is why I ask why is it that the Department has been so slow in setting up a program for the use of this $10 million total which was authorized by the Congress to meet this specific problem, that is the reduction of the cost of producing cotton.

Mr. MACLAY. Mr. Chairman, I don't believe it is the problem of having the program. It was the amount that was appropriated to carry this out.

Senator HOLLAND. All I can say is that we appropriated more than the budget asked us last year and we stand ready to do that again. The trouble has been the budget doesn't reflect any sizable program set up in this field as I recall it. Do you recall the figures?

Mr. MACLAY. No. I think it was $2 million. I would have to check on that.

Senator HOLLAND. I wish you would supply for the record the amount requested by the budget of last year, that is to take care of fiscal 1965, and the amount requested in the budget for 1967 for this program.

Mr. MACLAY. Yes, sir.

Senator HOLLAND. And also show the amount appropriated by the Congress for fiscal 1966, which I know was more than the amount requested by budget.

Why is it, to repeat myself, that the Department has been slow to establish a program distributing this $10 million that is permitted, and which the Congress has certainly shown its desire to appropriate, because this legislation originated in the Appropriations Committee as you will recall. You remember that?

Mr. MACLAY. Yes. I am not in a position to state why the Department has not actively—it would be on the basis taking the overall considerations of other programs.

Senator HOLLAND. Who in the Department would be able to give an accurate reply to the question which I have asked.

Mr. MACLAY. I think we can get that from the Secretary's office.

Senator HOLLAND. Might I ask that such a reply, such an answer or explanation be stated for the Secretary in the record at this place.

Mr. GIRARD. We will be glad to do that, sir.

(See below where Senator Holland enlarged question.)

Senator YOUNG. Mr. Chairman, I share your concern over the Department's apparent lack of concern with utilization research. It is something that many Members of Congress have been pressing hard for four years. The Senate Agriculture Appropriations Committee of which the distinguished Senator from Florida is the chairman has always stood ready to appropriate more money for this work. We have appropriated increased amounts of money but they don't seem to want to get at this type of research.

Senator HOLLAND. The Senator from North Dakota, who has supported the cotton programs very strongly, and I appreciate it, mentions the lack of an adequate program of utilization research. I have been asking about the program for production research, and I am going to enlarge my question to be replied to by the Secretary direct as to why the program for cotton utilization research has lagged likewise, though I don't believe we have had the specific case that I mentioned in the production, where the Congress has itself set up a program of $10 million for cost reduction of production, and the Department has been so slow in organizing a program to utilize that amount.

Senator JORDAN. Mr. Chairman, you will remember I appeared before that committee asking for that $10 million.

Senator HOLLAND. I do remember it well.

Senator JORDAN. I am sure you do, and we do want the Department to initiate a program as fast as they can to find the answers to some of these things. I see some of the very gentlemen here today who testified as to what we could do with better research.

Senator HOLLAND. That is true, Senator Jordan, and the fact is that I could understand why the program was slow in being organized in connection with budget requests for 1966, but I find it much more difficult to understand why that same delay appears in the program for fiscal 1967 under the pending budget request, and that is why I am asking for a detailed explanation on this matter.

(The statement is as follows:)

REVIEW OF RESEARCH ON COTTON IN USDA

The attached table shows Federal funds available for research on cotton in fiscal years 1965 and 1966 and the budget estimates for 1967.

PROGRAM TO REDUCE THE COST OF PRODUCING UPLAND COTTON

Section 103(a) of the Agricultural Act of 1964 (Public Law 88–297) states in part:

"(c) The Secretary of Agriculture is hereby authorized and directed to conduct a special cotton research program designed to reduce the cost of producing upland cotton in the United States at the earliest practicable date. There are hereby authorized to be appropriated such sums, not to exceed $10,000,000 annually, as may be necessary for the Secretary to carry out this special research program."

The Department of Agriculture and Related Agencies Appropriation Act, 1965, provided an increase of $2 million to implement this special cotton research program, of which $240,000 was for planning new research facilities at six locations.

The 1966 budget estimates proposed continuation of this program at the same level as in fiscal year 1965. The estimates also included $736,000 for construction of two of the cotton laboratories for which planning funds were provided in 1965. The act included $2,760,000 for construction of all six facilities for which plannnig funds were provided in fiscal year 1965. The act also included an increase of $1 million for the Cooperative State Research Service for grants for basic research to reduce the cost of producing cotton.

The 1967 budget estimates include an increase of $40,700 for initial staffing of the cotton disease laboratory at College Station, Tex. With this increase, the total budget estimate amounts to $2,800,700 for the special research program to reduce the cost of production of cotton.

As the new facilities are completed the capacity for effective research in this area will be greatly strengthened.

Special research program to reduce the cost of production of cotton

	Fiscal year 1965			Fiscal year 1966			Fiscal year 1967	
	Department estimate	Budget estimate	Act	Department estimate	Budget estimate	Act	Department estimate	Budget estimate
Program	$7,000,000		$1,760,000	$3,624,000	$1,760,000	$2,760,000	$2,835,000	$2,800,700
Construction	3,000,000		240,000	2,760,000	736,000	2,760,000		
Total	10,000,000		2,000,000	6,384,000	2,496,000	5,520,000	2,835,000	2,800,700

THE SUPPORT FOR UTILIZATION RESEARCH ON COTTON

Utilization research and development on new and expanded uses for cotton and the development of new processing machinery was funded at the level of $4,555,700 in 1965 and $4,632,200 in 1966. The budget estimates for 1967 increased this level of support to just over $5 million to permit expanded research in a number of critical areas.

Senator JORDAN. Mr. Chairman, if you will permit me to make one other statement, it may be we will find before these hearings are over that more research is being done from the private sources than we realize. I know that on pest control, weed control, and on seed promotion and a great many things, there is a lot of work being done by a lot of individuals and groups of individuals.

Senator HOLLAND. Will there be witnesses appearing during this hearing who can show what programs are paid for and initiated by private groups?

Senator JORDAN. I would suspect that there will be. Now how much I don't know, but I know there are some people here now who have done a lot of work on it. I see Mr. Coker here, and he has developed a very fine breed of cotton, and there are others too. There has been a lot of work done on it. And the chemical companies do a lot of work, because they, of course, profit by creating something to do these things, and they have done a good job. We haven't reached all the information we need by any means, though.

Senator HOLLAND. In order that this record may be more complete, I ask that any individuals here who can contribute information, specific information on programs developed by private sources may be prepared to do so, and we can certainly make time in the course of this hearing to allow them to be heard. All right, proceed please, sir.

Mr. GIRARD. We of course will be happy to provide a detailed explanation report on the expenditures of money by the Department of Agriculture, the various areas covered, and what progress has been made.

Senator HOLLAND. The special reason for my asking for these reports is that another committee which I happen to head, the Subcommittee of Appropriations for Agriculture, has felt that the department has moved very slowly in using the authority that it has to set

up a $10 million program for cost reduction. We will be glad to hear anything at all from the Department. If it has set up programs which you think should be in this record, we ask that they be stated in the record, because I hope this record will be a complete exposition of what is being done in the effort to bring better conditions to the cotton industry, whether it be done by the department by cooperative arrangements with State experiment stations, or by private groups.

(The information is as follows:)

A complete description of the cotton research program is presented in the hearings before a Subcommittee of the Committee on Appropriations House of Representatives, 89th Congress, 2d session, part 5, pages 220–240.

ADDITIONAL FUNDS FOR COTTON RESEARCH PROVIDED IN PAST 3 YEARS

FISCAL YEAR 1966

Last year Congress added funds for four cotton laboratories for which planning funds had been provided in fiscal year 1965, and which were not included in the 1966 budget:

Tempe, Ariz	$1,150,000
Stoneville (physiology)	506,000
Stoneville (ginning)	92,000
Lubbock, Tex	276,000
Total	2,024,000

Congress also approved funds for two cotton laboratories included in the 1966 budget:

Mesilla Park, N. Mex	$92,000
College Station, Tex	644,000
Total	746,000

Congress also included funds for three major pesticide laboratories for fiscal year 1966:

Stoneville, Miss	$1,564,000
Gainesville, Fla	1,840,000
College Station, Tex	2,990,000
Total	6,394,000

FISCAL YEAR 1965

Congress provided an increase of $2 million in the 1965 bill for cost-of-production research on cotton—even though the budget omitted these funds:

Agricultural Research Service	$1,400,000
Economic Research Service	600,000
Total	2,000,000

These funds included planning funds for the new laboratories funded in 1966.

Congress also appropriated $27 million additional for research on pesticides by various USDA agencies.

FISCAL YEAR 1964

Congress provided increase of $200,000 for cotton research in fiscal year 1964. Also a $200,000 increase was provided to meet pesticide problems.

FISCAL YEAR 1965

Pt. I (p. 1)—USDA agencies	$12,935,200
Pt. II (p. 20)—Special foreign currency program	840,717
Pt. III (p. 25)—Federal-grant funds	1,363,753
Pt. IV (p. 26)—Non-Federal funds at State experiment stations	3,857,000
Total	18,996,670

USDA Agencies—Research on Cotton [1]

Farm research—Agricultural Research Service

CROPS

Project No.	Title	Professional man-years	Estimated funds available, fiscal year 1965
CR b1-1(R)	Breeding upland cotton for the Southeast	1.25	$42,910
CR b1-2(R)	Breeding upland cotton for the Midsouth	2	68,660
CR b1-3(R)	Breeding upland cotton in the Texas and Oklahoma area.	1.5	51,500
CR b1-4(R)	Breeding upland cotton for the Southwest	4	137,320
CR b1-5(R)	Breeding and genetics of *Gossypium barbadense* (American-Egyptian) cotton for the Southwest.	3	102,990
CR b1-6(R)	Development of long and extra long staple cotton for the Southeast and Midsouth.	3.5	120,160
CR b1-7(R)	New methods of improving cotton through breeding	2.5	85,830
CR b1-8(R)	Collection, maintenance, and evaluation of germ plasm of the genus *Gossypium*.	1	34,330
CR b1-9(R)	Species hybridization, cytological analysis, and transference of uew characters into American cultivated cottons.	2.5	85,830
CR b1-10(R)	Study of genetic behavior of upland cotton in development of better cottons.	2	68,660
CR b1-11(R)	Accelcrating the cottou breeding program at a tropical location.	1	34,330
CR b1-12(R)	Evaluation of cotton fiber quality in the breeding and production program.	2	68,660
CR b1-15(R)	Cotton fiber length as a quality factor in a breeding program.	2.5	85,830
CR b1-16(R)	Cotton fiber strength and fiber elongation as quality factors in a breeding program.	2.5	85,830
CR b1-17(R)	Fiber fineness as a quality factor in the cotton breeding program.	2	68,660
CR b1-18(R)	New and improved techniques and instrumentation for cotton fiber and small-scale spinning test.	1.5	51,500
CR b1-19(R)	The effect of preharvest weathering on the properties of cotton fibers.	3	102,990
CR b1-20(R)	Methods of controlling bacterial blight of cotton including varietal resistance.	3	102,990
CR b1-22(R)	Methods for controlling verticillium wilt in the principal cotton growing areas of the United States.	2.75	94,410
CR b1-23(R)	Controlling fusarium wilt in cotton including varietal resistance where the presence of nematodes complicates the disease pattern.	3.75	128,800
CR b1-24(R)	Methods for controlling preemergence and postemergence damping of and developing cold tolerance in cotton seedlings.	3.5	120,160
CR b1-26(R)	Causes and control of boll rots which result in microbial deterioration of cotton fiber and seed in the field.	1.5	51,500
CR b1-27(R)	Germination and seedling growth of cotton as influenced by environment and applied chemicals.	2	68,660
CR b1-28(R)	Growth and fruiting behavior of cotton as influenced by environment and applied chemicals.	3	102,990
CR b1-30(R)	Physiology of cotton plant response to insect attacks and insecticide applications.	3	102,990
CR b1-31(R)	Defoliation and leaf desiccation as harvest aid treatments for cotton.	5	171,660
CR b1-33	Inheritance and interrelationship of characters influencing insect resistance in cotton.	2	68,660
CR b1-34	Evaluation of agronomic and fiber properties of cotton through coordinated cotton variety testing program.	.5	17,170
CR b1-40	Breeding cotton for nematode resistance	1	34,330
CR f1-19(R)	The development of principles and practices of weed control in cotton and cordage fiber crops.	4.5	154,490
CR i2-9(R)	Evaluation and maintenance of cotton and other fiber crop introductions used for cordage fiber.	.3	10,300
	Total in-house crops research	73.55	2,525,100
CR b1-35(C)	Influence of combinations of soil-borne plant pathogens on disease susceptibility of the cotton plant.	----------	[2]
CR b1-36(C)	Influence of environment and nutrition on predisposing cotton to bacterial boll rots and fungal leaf spots.	----------	[2]
CR b1-37(C)	Influence of cotton seed deterioration and unfavorable environment on seedling vigor, cold tolerance, and disease escape.	----------	[2]
CR b1-38(C)	Endogenous auxins of the cotton plant and their role in fruit development.	----------	[2]

See footnotes at end of table.

Farm research—Agricultural Research Service—Continued

CROPS—Continued

Project No.	Title	Professional man-years	Estimated funds available, fiscal year 1965
CR b1-39(C)	Role of growth-regulating substances in improving cotton.		(2)
CR b1-41(CA)	Fungi associated with cottonseed prior to harvest with special emphasis on toxin-producing species.		(2)
CR f1-38(C)	Preemergence herbicides for the selective control of weeds in cotton.		(2)
	Total contracts		
	Total crops research		$2,525,100
	ENTOMOLOGY		
ENT c1-1(R)	Bionomics research on the boll weevil	7	$332,150
ENT c1-2(R)	Improved insecticides, formulations, and applications methods for boll-weevil control.	7	332,150
ENT c1-3(R)	Physiological and nutritional research on the boll weevil.	1	47,450
ENT c1-4	Methods other than insecticidal for controlling the boll weevil.	7	332,150
ENT c1-5	Methods for eradicating the boll weevil	6	284,700
ENT c2-1(R)	Biological physiological and nutritional research on the bollworm and tobacco budworm.	4	189,800
ENT c2-2	Improvement in insecticides formulations, and application methods for control of the bollworm and tobacco budworm.	4	189,800
ENT c2-3	Methods other than insecticidal for controlling the bollworm and tobacco budworm.	2	94,900
ENT c3-1(R)	Biological, physiological, and nutritional research on miscellaneous insect and spider mite pests of cotton.	3	142,350
ENT c3-2	Improved insecticides, formulations, and application methods for control of miscellaneous insect and spider mite pests of cotton.	4	189,800
ENT c3-3	Methods other than insecticidal for controlling miscellaneous insect and spider mite pests of cotton.	3	142,350
ENT c4-1(R)	Improved insecticides, formulations, and application methods for controlling the pink bollworm.	2	94,900
ENT c4-8	Biological, physiological, and nutritional research on the pink bollworm.	3	142,350
ENT c4-9	Methods other than insecticidal to control and eradicate the pink bollworm.	3	142,350
	Total in-house entomology research	56	2,657,200
ENT c1-6(C)	Numbers of boll weevils surviving the winter and period of their emergence from hibernation—central Texas.		80,000
ENT c2-4(C)	Bionomics of boll weevil and bollworm populations as related to cotton insect control practices.		(2)
ENT c2-5(Gr)	Spiders in cotton fields of the San Joaquin Valley of California and their effects on populations of bollworms, lygus bugs, and other pests.		25,500
	Total contracts, entomology research		55,500
	Total, entomology		2,712,700
	AGRICULTURAL ENGINEERING		
AE a1-15	Equipment for the aboveground application of agricultural chemicals in cotton.	1	$33,560
AE a1-16	Equipment for soil incorporation of chemicals for cotton pest control.	1	33,560
AE a1-20	Mechanical methods of destroying fallen cotton squares.	.5	16,780
AE a2-9	Equipment and techniques for cotton planting	2	67,120
AE c1-15(R)	Moisture content of cotton for optimum ginhouse operation.	2	67,120
AE c1-24(R)	Fundamental mechanisms of nep formation in cotton	.5	16,780
AE c1-28(R)	Reducing the effects of field degradation on ginned cotton fiber and seed.	.5	16,780

See footnotes at end of table.

Farm research—Agricultural Research Service—Continued

AGRICULTURAL ENGINEERING—Continued

Project No.	Title	Professional man-years	Estimated funds available, fiscal year 1965
AE e1-32	Development of alternative seed cotton cleaning devices and methods based on a thorough evaluation of present equipment.	1.5	$50,340
AE c1-33	Improvement and evaluation of equipment for cleaning lint cotton.	1	33,560
AE c1-34	Improving cotton ginning performance through cotton quality evaluations and their relationships to ginning and associated operations.	1	33,560
AE e1-35	Improving extra-long-staple cotton ginning means and methods.	1.5	50,340
AE c1-36	Roller gin adjustment for optimum performance	.67	22,510
AE c1-37	Measurement of raw cotton length for cotton ginning evaluation.	1	33,560
AE c1-38	Gin stand research and development	1	33,560
AE c1-39	Equipment for materials handling and waste collection and disposal at cotton gins.	2	67,120
AE c1-40	Effects of production and harvesting methods and practices on cotton ginning and fiber quality.	2	67,120
AE e1-41	Cotton hale packaging improvement	1	33,560
AE e1-42	Relationship of certain stresses during ginning to cotton fiber and yarn quality.	1	33,560
AE e1-43	Determination of electrostatic properties of cotton	.5	16,780
AE e5-4	Equipment and techniques for crop residue disposal in cotton production.	.25	8,390
AE c5-5	Equipment and methods for optimum seedbed preparation for cotton.	.5	16,780
AE e5-6	Power requirements of cotton production implements	.5	16,780
AE c5-7	Synthetic mulches for improving cotton stands	.25	8,390
AE e5-8	Cooperative studies on the effect of production practices on the end use quality of cotton and cottonseed.	1	33,560
AE c5-9(R)	Cotton harvesting machines and components	3	100,680
AE c5-10	Reduction of moisture added to seed cotton by spindle-type harvesters.	.5	16,780
AE e5-11	Sources of trash in cotton harvesting	1	33,560
AE e5-12	Plant characteristics affecting the performance of mechanical cotton harvesters.	1	33,560
AE e5-13	Field separation of immature cotton bolls from mature cotton.	1	33,560
AE c5-14	Field handling and storage of machine-harvested cotton.	1	33,560
AE d4-7	The response and physiological effects of light on the boll weevil.	.5	16,780
AE d4-11	Use of electromagnetic sonic and ultrasonic energy to control cotton insects.	1	33,560
	Total in-house agricultural engineering research	33.17	1,113,210
AE c5-15(C)	Cottonseed germination and quality as affected by harvesting and ginning operations.		152,890
	Total contract agricultural engineering research		152,890
	Total agricultural engineering		1,266,100
	Total Agricultural Research Service		6,503,900

FARM ECONOMICS RESEARCH

FE 9-7(R)	Economics of adjustments in cotton-producing areas in California.	0.90	$20,000
FE 9-22	An economic appraisal of farming adjustment opportunities in the southeastern region to meet changing conditions.	4	108,500
FE 9-27	An economic appraisal of farming adjustment opportunities in the south-central region to meet changing conditions.	5	120,000
FE 9-31	Appraisal of year-to-year changes in the cost of producing cotton in the United States.	10.5	485,000
	Total in-house farm economic research	20.4	733,500
	Total farm research		7,237,400

See footnotes at end of table.

Farm research—Agricultural Research Service—Continued

UTILIZATION RESEARCH AND DEVELOPMENT

Project No.	Title	Professional man-years	Estimated funds available, fiscal year 1965
S2 1-195(R)	Investigations of radiochemical yields of high-energy radiation activated reactions of cotton to develop improved cotton products.	2.2	$62,230
S2 1-207	Guides for the maximum utilization of cottons of varying fiber properties.	2.5	70,720
S2 1-208(R)	Effects of gross and fine structure of the cotton fibers on their physical behaviors.	2.15	60,820
S2 1-209(R)	Microscopial studies of absorption phenomena in native, mercerized, and modified cottons.	2.75	77,790
S2 1-214(R)	Separation and identification of the cleavage produets of partially etherified cottons, including cross-linked cottons.	3	84,860
S2 1-234	Blending procedures for cottons differing widely in fiber properties.	2.65	74,960
S2 1-247	Aerosol or fog chemical reagents for the modification of cotton fabries.	2.75	77,790
S2 1-249	Cotton fiber property changes, during processing, which alter sorption of alkali solution.	2	56,580
S2 1-250	Treatment of cotton with fluorochemicals to produce a finish with low surface energy.	2	56,580
S2 1-251	Imparting multifunctional properties to cotton through use of specially tailored compounds.	3.4	96,180
S2 1-252	Development of a full-size machine for opening and blending bales of cotton.	3	84,590
S2 1-253	Wash-wear cottons of high abrasion resistance by the application of polymeric coatings.	1.45	41,020
S2 1-254	Development of optional cotton fabric structures for men's trousers and dress suits	3.5	99,001
S2 1-255	Cross-links in cotton modified by chemical treatment	2.15	60,820
S2 1-256	Development of multipurpose finishes for improved outdoor cotton fabrics.	2.3	65,060
S2 1-257	Durable inexpensive flame retardants for cotton	2.4	67,890
S2 1-258	Development of a commercially feasible reversible cross-linking agent for producing improved cotton fabrics.	2	56,580
S2 1-259	The fixation of antimicrobial agents in cotton fabric by use of zirconium compounds, to impart improved weather resistance.	2.5	70,720
S2 1-260	Resistance to edge abrasion in wash-wear cotton and methods for improvement.	2.5	70,720
S2 1-261	Spatial and structural effects of reversible and conventional cross links in cotton.	2.5	70,720
S2 1-262	Crease recoveries in wash-wear treated cottons under wet and dry conditions.	1.8	50,920
S2 1-263	Microscopical investigations of chemical substitution and cross link formation in cotton.	2	56,580
S2 1-264	The fluorescence spectra of native and modified cottons.	1.5	42,430
S2 1-267	Improving wash-wear cotton fabrics by cross-linking fabrics woven of premercerized yarns.	2	56,580
S2 1-268	Reactions of cotton cellulose by use of nuclear magnetic resonance and other spectroscopic techniques.	2	56,580
S2 1-269	Improving the production and performance of chemically treated cotton batting.	2.5	70,720
S2 1-270	Formation of free radicals in fibrous cotton cellulose and the reaction mechanisms of the activated cellulose with selected reagents.	2.5	70,720
S2 1-271	Improved insect proof cotton bags for the storage and shipment of food commodities.	3	84,860
S2 1-272	The relation of fiber properties to fabric behavior in chemically treated cotton fabrics.	2	56,580
S2 1-273	Removing short fibers and improving fiber parallelization at textile carding machines.	3	84,860
S2 1-274	The effect of high-production carding on fiber length distribution and formation of cotton fiber hooks.	2.7	76,380
S2 1-275	Methods of appraising damage done by abrasive action on all-cotton, wash-wear fabrics.	1.5	42,430
S2 1-276	New and improved X-ray diffraction techniques to study crystalline structure of cotton and chemically modified cotton in contact with various interacting liquids.	2	56,580
S2 1-277	Chemical kinetics of cotton cellulose etherifications	2.1	59,400
S2 1-278	Study of basic actions in cotton textile processing by means of high-speed photography.	1.5	42,430
S2 1-279	Phototype equipment for feeding cotton to textile cards to produce improved products.	3	84,860

See footnotes at end of table.

Farm research—Agricultural Research Service—Continued

UTLIZATION RESEARCH AND DEVELOPMENT—Continued

Project No.	Title	Professional man-years	Estimated funds available, fiscal year 1965
S2 1-280	Investigations of accessibility to complexing agents of stable cotton cellulose derivatives.	2.5	$70,720
S2 1-281	New and modified carbamate finishes for deferred cure processing to yield chlorine-resistant, lightfast cotton fabrics.	3	84,860
S2 1-282	Investigations of reactions between cotton cellulose and heterocyclic compounds to develop improved textile products.	3	84,860
S2 1-283	Investigation of new ethers and thioethers of cotton cellulose to develop new commercially attractive textile products.	2.9	82,045
S2 1-284	Investigation of plastic and oriented states of cotton cellulose to develop permanently shaped, wash-wear textiles of long wear life.	2.8	79,200
S2 1-285	Tensile recovery behavior of chemically modified cotton yarns and fabrics to facilitate the development of improved cotton products.	1.5	42,430
S2 1-286	Blending of treated and untreated cotton fibers as a means of improving properties such as resistence to abrasion in wash-wear apparel thus permitting all cotton to compete successfully with cotton synthetic blends.	3.5	99,000
S2 1-287	A spectroscopic investigation of the molecular changes in structure occurring during the chemical modification of cotton cellulose.	2	56,580
S2 1-288	Improved abrasion resistance of cotton and cotton stretch fabrics.	2	56,580
S2 1-289	Stable cross-linking agents suitable for use in delayed-cure processes for cotton.	3.5	99,000
S2 1-291	Development of basic information on the relationship between the spectral properties of selected chemicals and their suitability for improving cotton's properties.	2	56,580
S2 1-292	Treatment of cotton with finishes containing selected lead and other metal compounds to impart specific end-use properties.	1	28,290
S4 1-116	Fungi and toxic fungal metabolites developing during processing of cottonseed and peanuts.	5	141,490
S4 1-1123	Extraction of cottonseed with acetone-hexane-water solvent mixtures, constituents in the miscellas, and rheological properties of marcs.	2.5	70,720
S4 1-124	Evaluation of N-disubstituted fatty amides from oilseeds as plasticizers, nitrile rubber softeners, and antifungal agents.	2.5	70,720
S4 1-125	Making cocoa butterlike fats from cottonseed and peanut oils and improving confectionery fats.	1.3	36,770
S4 1-127	Processing conditions for the production of oils and meals from glandless cottonseed.	1.5	42,430
S4 1-128	Preparing cottonseed and peanut oil derivatives by esterification and interesterification.	1.3	36,770
S4 1-130	Chemical composition and characteristics of the protein systems of cottonseed.	4	113,150
24 1-133	Inactivation or removal of aflatoxins from contaminated cottonseed, peanuts, and their products to permit utilization in foods and feeds.	4.5	127,290
S4 1-135	Isolation of the cyclopropenoid fatty acid in cottonseed and cottonseed oil and the investigation of their chemical and physical properties.	6	169,720
S4 1-136	Isolation and identification of cottonseed constituents that cause mortalities among swine.	2	56,580
W2 2-39	Development of optimum functional blends of natural and chemically modified wools and cotton.	3	84,860
	Total in-house utilization research	148.1	4,189,195
S2 1-197(R)(C)	Evaluation of stretch-type cotton yarns in knitwear		(2)
S2 1-200(R)(C)	Development of weather-resistant, water-repellant finishes for cotton.		(2)
S2 1-205(C)	The development of cotton knit fabric having increased bulk, warmth, and dimensional stability.		(2)
S2 1-217(C)	Effect of variation in structure on cotton fiber properties caused by environmental and genetic factors.		(2)
S2 1-221(C)	The effects of fiber extensibility on fiber breakage in mechanical processing of cotton.		(2)
S2 1-222(C)	Changes in physical properties of cotton fibers after treatment with sonic energy.		(2)

See footnotes at end of table, p. 29.

Farm research—Agricultural Research Service—Continued

UTLIZATION RESEARCH AND DEVELOPMENT—Continued

Project No.	Title	Professional man-years	Estimated funds available, fiscal year 1965
S2 1-223(C)	Effect of the soiling environment on the soiling tendency of a series of cotton finishes.		(2)
S2 1-224(C)	Slack mercerization of knitted cotton to produce stretchable wearing apparel.		(2)
S2 1-225(C)	Relation of structure and properties of organic reagents to their swelling power on cotton cellulose.		(2)
S2 1-228(C)	Seam pucker in relation to fabric structure to develop improved sewing thread for wash-wear cotton products.		(2)
S2 1-229(C)	Counting neps in cotton at various stages of textile processing.		(2)
S2 1-231(C)	Chemical modification of cotton with reagents in the vapor phase.		(2)
S2 1-237(Gr)	Configurational interactions between fibers and yarns in the region of local deformations in woven cotton cloth.		(2)
S2 1-238(Gr)	Correlation of surface microtopography of treated and untreated cotton fibers with resistance to soiling of cotton textiles.		(2)
S2 1-239(C)	Development of wash-wear cotton fabric with improved moisture absorptivity.		$65,240
S2 1-240(Gr)	Cross-linking of chemically modified cotton to obtain fabrics with resiliency and thermoplasticity.		(2)
S2 1-241(C)	Factors influencing comfort in cotton apparel fabrics		(2)
S2 1-242(C)	Relation of cotton tensile and elastic properties to processing performance.		99,278
S2 1-243(C)	Finishes for cotton fabrics to make them more rapid drying.		97,900
S2 1-244(C)	Improved coated cotton fabrics for outdoor uses		(2)
S2 1-245(C)	Development of improved weather-resistant cotton textiles by interfacial and graft polymerization.		(2)
S2 1-248(Gr)	The role of cotton fiber morphology on frictional behavior in processing.		(2)
S2 1-266(C)	An instrument to determine length, length distribution, and diameter of cotton fibers.		98,887
S4 1-103(C)	Gossypol esters and mild oxidation products of gossypol and gossypol derivatives from cottonseed.		(2)
S4 1-107(C)	Chemical investigations of cyclopropenoids to develop means of eliminating or physiologically inactivating the cyclopropenoids found in cottonseed products.		(2)
S4 1-112(C)	Chemical transformations of fat and terpene olefinic compounds induced by hydroboration.		(2)
S4 1-117(C)	Inactivation of cyclopropene groups in cottonseed meal that decrease its value as a feed for laying hens.		(2)
	Total contract utilization research		361,305
	Total utilization research		4,550,500

MARKETING RESEARCH

TF-2-57	Improved methods, techniques, equipment, and facilities for the handling and storage of bales of cotton.	1	$28,600
TF 2-70	Improved methods, equipment, and facilities for handling, drying, aerating, and storing cottonseed in commercial storages.	0.5-1	28,600
TF 2-76	Equipment and methods for humidifying cotton storage compartments to maintain desirable moisture content of stored bales.	.33	9,500
MQ 1-36	Development of insect-resistant cotton bags	1	28,600
MQ 2-106	Effects of storage temperatures on quality of vegetable salad oils.	.33	9,500
MQ 2-108	Effect of ambient conditions of storage on molds and aflatoxins in cottonseed.	1.5	42,900
MQ 2-115	Aflatoxin production in cottenseed	2	57,200
MQ 3-25	Effects of the natural antioxidants of vegetable oils on change of oil quality during long-term storage.	1	28,600
MQ 3-33	The effect of the use of various combinations of cotton production, harvesting, ginning, methods and practices on lint cotton in relation to mill-scale processing efficiency and finished product quality.	1	28,600
MQ 3-42	Chemical investigation of surface contamination of cotton fibers.	2	57,200

See footnotes at end of table, p. 29.

Farm research—Agricultural Research Service—Continued

MARKETING RESEARCH—Continued

Project No.	Title	Professional man-years	Estimated funds available, fiscal year 1965
MQ 3-43	Methods of measuring the frictional properties of cotton fibers.	1	$28,600
MQ 3-45	Equipment and method for the rapid measurement of the refining loss of cottonseed oil in small lots of seed.	1	28,600
MQ 3-47	Evaluation of cotton fiber testing instruments and techniques.	2	57,200
MQ 3-51	Reevaluation and improvement of official cottonseed standards.	1	28,600
MQ 3-73	Methodology studies for development of spinning performance tests for cotton.	1	28,600
MQ 3-84	An apparatus for rapidly mixing and blending a sample of cotton lint.	1	28,600
	Total in-house marketing research, Agricultural Research Service.	18.16	519,500
MQ 3-71(C)	An instrument and techniques for rapid determination of cotton fiber strength.	----------	64,600
MQ 3-81(C)	Development of an instrument for rapid determination of cotton color and of trash content separately in a sample of cotton.	----------	(2)
	Total contract marketing research. Agricultural Research Service.	----------	64,600
	Total marketing research, Agricultural Research Service.	----------	584,100

[1] Includes in-house and contract and grant projects. Funds shown for in-house projects and contract, and grants may include small amounts for work applying to commodities other than cotton or cottonseeds.
[2] Project active in 1965 but under a contract or grant executed with funds made available in 1964 or previous years.

Marketing research

ECONOMIC RESEARCH SERVICE

Project No.	Title	Professional man-years	Estimated funds available, fiscal year 1965
ME 8-1	Charges and practices in marketing cotton	2	$53,460
ME 8-2	Marketing margins and costs for fibers and textiles	1	26,730
ME 8-5	Cotton ginning efficiency and cost	2	53,460
ME 8-24	Marketing and use of cotton waste	2	53,460
ME 8-29	Price-quality relationships for cotton and cotton products.	3	80,190
ESA 1-10	Current outlook and situation analysis for cotton and synthetic fibers.	1.5	40,100
EAS 2-6	Identification and measurement of economic factors that affect consumption of major textile fibers in the United States.	.75	20,050
EAS 2-7	Identification and measurement of economic factors that affect the price and utilization of cotton and cotton products.	.75	20,050
	Total in-house marketing research, Economic Research Service.	13	347,500

FARMER COOPERATIVE SERVICE

FCS a-1-1-1(R-2)	Advisory and educational assistance on current organizational and operational problems of cotton processing and marketing cooperatives.	1.5	$34,130
FCS a-1-1-5	Cooperative marketing and processing of cottonseed and soybeans and their products.	.75	17,070
	Total in-house marketing research, Farmer Cooperative Service.	2.25	51,200

Marketing research—Continued

STATISTICAL REPORTING SERVICE

Project No.	Title	Professional man-years	Estimated funds available, fiscal year 1965
	Consumer preference studies (in-house)		$13,000
S & R 3-10(C)	Women's attitudes toward cotton and other fibers used in wearing apparel.		(1)
	Total marketing research, Statistical Reporting Service.		13,000
	Total marketing research		995,800

[1] Project active in 1965 but under a contract or grant executed with funds made available in 1964 or previous years.

Nutrition and consumer use research—Agricultural Research Service

Project No.	Title	Professional man-years	Estimated funds available, fiscal year 1965
CH 1-35	Use of hypochlorite bleach on soiled cotton fabrics as a factor in deterioration of cotton fabrics part II.	2	$111,500
	Total in-house nutrition and consumer use	2	111,500
CH 1-33(C)	Quantitative studies on fabrics as disseminators of microorganisms.		40,000
	Total contract nutrition and consumer use		40,000
	Total nutrition and consumer use		151,500
	Grand total, USDA agencies		12,935,200

Cotton Research Under Special Foreign Currency Program (Public Law 480)

Sponsoring USDA agencies

UTILIZATION RESEARCH AND DEVELOPMENT

Project No.	Title	Professional man-years	1965 funds [1]
A7-UR-3	Relationship of substituent fatty acid group in cottonseed to the physical properties of diacid triglycerides of palmitic and stearic acids.		(2)
A7-UR-4	Photochemical degradation of cotton		(2)
A7-UR-19	The effects of swelling and stretching treatments on the fine structure and chemical properties of cotton fibers.		(2)
A7-UR-26	The addition of carbenes to unsaturated fatty materials derived from cottonseed oil.		(2)
A7-UR-28	New-type glycol monoalkyl ethers for the control of water evaporation, to extend the use of cottonseed oil.		(2)
A7-UR-30	New solvents for molecular weight determinations of cellulose in cotton.		(2)

See footnotes at end of table, 32.

Sponsoring USDA agencies—Continued

UTLIZATION RESEARCH AND DEVELOPMENT—Continued

Project No.	Title	Professional man-years	1965 funds [1]
A7-UR-32	The microbial decomposition of cellulose with special reference to the effect of Indian bacterial organisms on cotton and cotton fabrics.		(2)
A7-UR-33	The preparation of radioresistant and radiosensitive cotton celluloses.		(2)
A7-UR-46	Thermodynamic and physicohemical properties of cotton fiber solution and vapor systems.		(2)
A7-UR-51	Means to minimize fiber hooked euds in cotton card and drawing slivers.		(2)
A7-UR-59	Moisture sorption and desorption by cross-linked cellulose over the entire humidity range.	3	$88,446
A7-UR-84	Heat and mass transfer rates of resin-treated cotton textiles by countercurrent solid gas contact systems.	2	118,448
A7-UR-85	Factors that affect the direct spinning system of cotton.	4	24,989
A10-UR-50	Oxidation kinetics of cotton and cross-linked cotton		(2)
A10-UR-53	Preparation of new chemical derivatives from acrylonitrile and fatty acids from oilseeds.	3.25	99,067
A10-UR-54	Metalation reactions for the modification of monoenoic and dienoic fatty acids of cottonseed, *Limnanthes douglasii* and unbelliferous oils.	3.3	106,195
E4-UR-1	Nature and origin of reversals in cotton fibers, and of their relatiou to mechanical properties of these fibers.	3	68,493
E9-UR-61	Relation of crystallinity to accessibility of chemical reagents in cotton in order to obtain improved cotton products.		(2)
E10-UR-2	Development of an apparatus for counting neps in cotton card web, as an aid to improving the quality of cotton products.		(2)
E15-UR-33	Physical and physicochemical properties of cottonseed proteins.		(2)
E15-UR-35	The mechanism of cottonseed gossypol toxicity counteraction by L-lysine.		(2)
E15-UR-44	The role of cottonseed meal in the induction of hepatoma in rainbow trout.	3.5	50,880
E19-UR-4	The role of the structural elements of cotton fiber in response to tensile and torsional stress.		(2)
E19-UR-12	Mechanisms and bonding forces that could be used to improve the properties of cotton textiles.		(2)
E21-UR-27	Mathematical and theoretical aspects of the relation between cotton fiber length distribution.		(2)
E25-UR-31	Total hairiness of cotton yaru and mechanical factors contributing to its formation.		(2)
E26-UR-2	Chemical methods of setting cotton fabrics		(2)
E26-UR-1	The mechanism of crease formation and recovery in ease-of-care treated cotton fabrics.	2.5	118,367
E26-UR-6	Behavior of cotton fibers subjected to acrodynamic forces.		(2)
E27-UR-2	Chemistry and structural nature of the bonds formed between formaldehyde and cellulose in formaldehyde-treated cotton.		(2)
E29-UR-26	The fatty acid and glyceride composition of cottouseed oil and the crystallizing behavior of some of the major components.		(2)
E29-UR-55	Preparation and properties of phosphazene and phosphoryl chloride derivatives having potential for reaction with cotton cellulose.		(2)
E29-UR-65	The effect of caustic soda and other swelliug agents on the fine structure of cotton.		(2)
E29-UR-78	Chemical modifications of cotton fabrics involving control of lateral molecular order and distribution of crosslinks.	3	86,503
01-UR-2	The chemistry and biological effects of cyclopropenoid compounds that occur in cottonseed.		(2)
S9-UR-2	Preparation, characterization, and evaluation of derivatives of gossypol from cottonseed.		(2)
	Total utilization research (Public Law 480)	30.55	780,374

See footnotes at end of table, 32.

Sponsoring USDA ageneies—Continued

FARM RESEARCH

Project No.	Title	Profes-sional man-years	1965 funds [1]
A10-CR-2	Quantitative inheritance of characters influencing lint yield and quality in cotton, by means of diallel-cross analysis.		[2]
A10-CR-64	The effect of boll moisture stress on flowering, development, boll shedding, and lint quality of cotton.	2.25	$60,343
	Total farm research (Public Law 480)	2.25	60,343

MARKETING RESEARCH

E9-AMS-4	Relationship between cotton fiber maturity and breakage during mechanical processing to processing performance and product quality.		[2]
E9-AMS-5	Instrument for homogenizing and orienting fibers in samples for cotton testing.		[2]
	Total marketing research (Public Law 480)		
	Total, special foreign currency program	32.80	$840,717

[1] Funds shown for some projects may include small amounts for work applying to commodities other than cotton or cottonseed.

[2] Project active in 1965 but under a contract or grant executed with funds made available in 1964 or previous years.

Cotton reseach at the State agricultural experimental stations, fiseal year 1965 expenditures, Federal grant funds

State	Crops	Entomology	Agricultural engineering	Marketing utilization	Total
Alabama	$6,308	$18,572	$15,431	$9,415	$49,726
Arizona	28,568	5,051	28,222	14,364	76,205
Arkansas	82,184	30,107	30,620	26,854	169,765
California	50,314	7,500	6,000	16,556	80,370
Colorado				5,036	5,036
Georgia	16,765	29,175	17,161	9,979	73,080
Hawaii					
Louisiana	29,837	55,653	23,458	30,839	139,787
Mississippi	37,552	42,640	24,051	11,283	115,526
Missouri	10,476	4,476		12,890	27,842
Nevada	8,941			1,006	9,947
New Mexico	54,309		10,418	34,369	99,096
New York (Cornell)				8,833	8,833
North Carolina	25,048	230	15,611	1,745	42,634
Oklahoma	4,508	19,664	43,085	7,746	75,003
Oregon				4,986	4,986
Pennsylvania				3,458	3,458
Puerto Rico		5,135			5,135
South Carolina			13,883	6,252	20,135
Tennessee	24,258	13,020	17,946	26,181	81,405
Texas	144,608	56,322	30,514	44,340	275,784
Total	523,676	287,545	276,400	276,132	[1] 1,363,753

[1] These figures differ from the 1965 previously provided because they reflect actual expenditures, whereas the original figures were based on estimates.

Cotton research at the State agricultural experiment stations, fiscal year 1965 expenditures, non-Federal funds [1]

State	Crops	Entomology	Agricultural engineering	Marketing and utilization	Total
Alabama	$222,795	$14,368	$24,750	$4,124	$266,037
Arizona	259,835	31,727	43,147	86,749	421,458
Arkansas	226,518	69,159	54,370	17,205	367,252
California	335,418	19,508	28,730	1,000	556,656
Colorado					
Georgia	69,079	27,329	27,792	2,242	126,442
Illinois				1,050	1,050
Kansas	3,672				3,672
Louisiana	219,547	78,631	1,440	39,994	339,612
Michigan			3,550		3,550
Mississippi	266,694	39,160	18,500		324,354
Missouri	62,329	9,186		1,078	72,593
Nevada	13,811				13,811
New Jersey				1,509	1,509
New Mexico	98,936	4,765	5,123		108,824
New York				2,758	2,758
North Carolina	101,931		25,687	23,439	151,057
Oklahoma	164,947	12,058	6,982	1,174	185,161
Oregon				245	245
Puerto Rico		733			733
South Carolina	34,611	37,992	7,838		79,841
Tennessee	40,952	3,427	17,402	21,186	82,967
Texas	581,328	92,691	31,870	35,285	741,174
Virginia				3,238	3,238
Wyoming				3,006	3,006
Total	2,701,803	612,734	297,181	245,282	3,857,000

[1] Includes all non-Federal funds for cotton research at State agricultural experiment stations of which approximately $1,400,000 is provided to supplement Federal-grant funds.

Farm research

Project No.	Title	Work locations during past year
CR b1	Cotton production, breeding, disease, and quality investigations.	Beltsville, Md.
b1-1(R)	Breeding upland cotton for the Southeast	Experiment, Ga., Auburn, Ala., Knoxville, Tenn., and Beltsville, Md.
b1-2(R)	Breeding upland cotton for the Midsouth	Stoneville, Miss., and Marianna, Ark.
b1-3(R)	Breeding upland cotton in the Texas and Oklahoma area.	College Station, Lubbock, Tex. and Stillwater, Okla.
b1-4(R)	Breeding upland cotton for the Southwest	Shafter Brawley, Calif., University Park, N. Mex., Beltsville, Md., and Tempe Ariz.
b1-5(R)	Breeding and genetics of *Gossypium barbadense* (American-Egyptian) cotton for the Southwest.	Ysleta, Tex., Beltsville, Md., and Florence, S.C.
b1-6(R)	Development of long and extra long staple cotton for the Southeast and Midsouth.	Tifton Ga., and Stoneville, Miss.
b1-7(R)	Investigation of new methods of improving cotton through breeding.	College Station, Tex., Shafter, Brawley, Calif., Knoxville, Tenn., Experiment, Ga., and Raleigh, N.C.
b1-8(R)	Collection, maintenance, and evaluation of germ plasm of the genus *Gossypium*.	Stoneville, Miss., College Station, Tex., Tempe, Ariz., Iguala, Mexico, and Raleigh, N.C.
b1-9(R)	Species hybridization, cytological analysis, and transference of new characters into American cultivated cottons.	College Station, Tex., Stillwater, Okla., Shafter, Calif., Raleigh, N.C., and Stoneville, Miss.
b1-10(R)	Genetic problems in upland cotton. Study of genetic behavior of upland cotton in development of better cottons.	College Station, Tex., Stillwater, Okla., Shafter, Calif., and Knoxville, Tenn.
b1-11(R)	Accelerating the cotton breeding program at a tropical location.	Iguala, Mexico, and Knoxville, Tenn.
b1-12(R)	Evaluation of cotton fiber quality in the breeding and production program.	Shafter, Calif., Tempe, Ariz., Experiment, Ga., and Knoxville, Tenn.
b1-15(R)	Cotton fiber length as a quality factor in a breeding program.	Florence, S.C., Tempe, Ariz., Stoneville, Miss., and Knoxville, Tenn.

Farm research—Continued

Project No.	Title	Work locations during past year
b1-16(R)	Cotton fiber strength and fiber elongation as quality factors in a breeding program.	Beltsville, Md., and Knoxville, Tenn.
b1-17(R)	Fiber fineness as a quality factor in the breeding program.	Tempe, Ariz.
b1-18(R)	Improvement of fiber tests and small scale spinning tests for a better evaluation of cotton quality in the breeding program.	Knoxville, Tenn.
b1-19(R)	The effect of preharvest weathering on the properties of cotton fibers.	Beltsville, Md., and Auburn, Ala.
b1-20(R)	Methods for controlling bacterial blight of cotton, including varietal resistance.	Marianna, Ark., Davis, Calif., University Park, N. Mex., Stoneville, Miss., Stillwater, Okla., College Station, Tex., and State College, Miss.
b1-22(R)	Methods for controlling verticillium wilt in the principal cotton growing areas of the United States.	Stillwater, Okla., Tempe, Ariz., University Park, N. Mex., Davis, Calif., Shafter, Calif., and Auburn, Ala.
b1-23(R)	Methods for controlling fusarium wilt in commercial varieties of cotton, including varietal resistance where the presence of nematodes complicates the disease pattern.	State College, Miss., Raleigh, N.C., and Stillwater, Okla.
b1-24(R)	Methods for controlling preemergence and postemergence damping off and developing cold tolerance in cotton seedlings.	State College, Miss., Stoneville, Miss., Fayetteville, Ark., College Station, Tex., Stillwater, Okla., Tempe, Ariz., Davis, Calif., and Shafter, Calif.
b1-26(R)	Causes and control of boll rots which result in microbial deterioration of cotton fiber and seed in the field.	Stoneville, Miss., Shafter, Calif., Beltsville, Md., and Fayetteville, Ark.
b1-27(R)	Germination and seedling growth of cotton as influenced by environment and applied chemicals.	Shafter, Calif., Davis, Calif., Stoneville, Miss., Raleigh, N.C., Stillwater, Okla., and Tempe, Ariz.
b1-28(R)	Growth and fruiting behavior of cotton as influenced by environment and applied chemicals.	Shafter, Calif., Davis, Calif., Beltsville, Md., Raleigh, N.C., Stillwater, Okla., College Station, Tex., and State College, Miss.
b1-30(R)	Physiology of cotton plant response to insect attacks and insecticide application.	Stoneville, Miss., College Station, Tex., and Beltsville, Md.
b1-31(R)	Defoliation and leaf desiccation as harvest aid treatments for cotton.	Fayetteville, Ark., Tempe, Ariz., Shafter, Calif., Davis, Calif., Stoneville, Miss., and Brownsville, Tex.
b1-33	Inheritance and interrelationship of characters influencing insect resistance in cotton.	College Station, Tex., Beltsville, Md., State College, Miss., and Knoxville, Tenn.
b1-34	Evaluation of agronomic and fiber properties of cotton through coordinated cotton variety testing program.	Beltsville, Md.
b1-35(C)	Influence of combinations of soil-borne plant pathogens on the susceptibility of the cotton plant, including identification of causal agents and developing methods of control.	Davis, Calif.
b1-36(C)	Influence of environment and nutrition on predisposing cotton to bacterial boll rots and fungal leaf spots, including identification of causal agents and developing methods of control.	Columbia, Mo.
b1-37(C)	Influence of cottonseed deterioration and unfavorable environment on seedling vigor, cold tolerance, and disease escape.	College Station, Tex.
b1-38(C)	Endogenous auxins of the cotton plant and their role in fruit development.	Davis, Calif.
b1-39(C)	Role of growth-regulating substances in improving cotton yield, harvest, and quality characteristics.	State College, Miss.
b1-40 [1]	Breeding cotton for nematode resistance	Auburn, Ala.
b1-41(C)	Fungi associated with cottonseed prior to harvest with special emphasis on toxin-producing species.	Beltsville, Md., and Blacksburg, Va.
ENT cl	Boll weevil investigations:	
ENT cl-1(R)	Biological research on the boll weevil	Florence, S.C., State College, Miss., Stoneville, Miss., Tallulah, La., Waco, Tex., and Tucson, Ariz.
ENT cl-2(R)(C)	Development of more effective insecticides and formulation methods for control of the boll weevil.	State College, Miss., Stoneville, Miss, Tallulah, La., Waco, Tex., and College Station, Tex.

Farm research—Continued

Project No.	Title	Work locations during past year
	Boll weevil investigations—Con.	
ENT cl-3(R)	Physiological and nutritional-research on the boll weevil.	State College, Miss., Baton Rouge, La., College Station, Tex. and Florence, S.C.
ENT cl-4(C)	Discover and develop methods other than insecticidal for controlling the boll weevil.	Statc Collcge, Miss.
ENT cl-5(C)	Discover and develop methods for eradicating the boll weevil.	Florence, S. C., Stato College, Miss., and Birmingham, Ala.
ENT cl-6(C)	Determine the numbers of weevils surviving the winter and period of their emergence from hibernation quarters in a 4-county area of central Texas.	College Station, Tex.
ENT c2	Bollworm investigations:	
ENT c2-1(R)	Biological, physiological, and nutritional research on the bollworm and tobacco budworm.	Stoneville, Miss., Brownsville, Tex., College Station, Tex. and Waco, Tex.
ENT c2-2(R)	Development of more effective insecticides and formulations and more efficient application methods for control of the bollworm and tobacco budworm.	Brownsville, Tex., Waco, Tex., College Station, Tex., Stoneville, Miss., Florence, S.C., and Tuscon, Ariz.
ENT c2-3	Discover and develop methods other than insectidal for controlling the bollworm and tobacco budworm.	Brownsville, Tex., Waco, Tex., Tallulah, La., Stoneville, Miss., Tuscon, Ariz., and Florence, S.C.
ENT c2-4(C)	Bionomics of boll weevil and bollworm populations as related to cotton insect control practices.	Stoneville, Miss., and Davis, Calif.
ENT c2-5(Gr)	The biology and ecology of spiders occurring in cotton fields of the San Joaquin Valley of California and their effects on populations of bollworms, lygus bugs, and other cotton pests.	
ENT c3	Cotton insects other than boll weevil, bollworm, and pink bollworm and insects attacking other fiber plants:	
ENT c3-1(R)	Biological, physiological, and nutritional research on miscellaneous insect and spider mite pests of cotton.	Stoneville, Miss., and Tuscon, Ariz.
ENT c3-2	Development of more effective insecticides and formulations and more efficient application methods for control of miscellaneous insect and spider mite pests of cotton.	Waco, Tex., College Station, Tex., and Tucson, Ariz.
ENT c3-3	Discover and develop methods other than insecticidal for controlling miscellaneous insect and spider mite pests of cotton.	Tuscon, Ariz., State College, Miss., and Brownsville, Tex.
ENT c4	Pink bollworm investigations:	
ENT c4-1(R)	Development of more effective insecticides and formulations and more efficient application methods for control of the pink bollworm.	Brownsville, Tex.
ENT c4-8	Biological, physiological and nutritional research on the pink bollworm.	Brownsville, Tex., and Waco, Tex.
ENT c4-9	Discover and develop methods otber than insectlcidal for controlling or eradicating tbe pink bollworm.	Brownsville, Tex.
AEa1-15 (sup. part AEc5-2).	Equipment for the above-ground application of agricultural chemicals in cotton.	Auburn, Ala., Shafter, Calif., Lubbock, Tex., and Stoneville, Miss.
AEa1-16 (sup. part AEc5-2).	Equipment for soil incorporation of cbemicals for cotton pest control.	Stoneville, Miss., and Sbafter, Calif.
AEa1-20	Mechanical methods of destroying fallen cotton squares.	State College, Miss.
AEa2-9	Development of equipment and techniques for cotton planting.	Sbafter, Calif., and Lubbock, Tex.
AEc1	Cotton ginning investigations, program leadership:	Beltsville, Md.
AEc1-14	Measuring elements of fiber quality as affected by ginning and associated operations.	Stoneville, Miss., Mesilla Park, N. Mex., and Clemson, S.C.
AEc1-15	Moisture contents of cotton for optimum gin house operation.	Stoneville, Miss., and Clemson, S.C.
AEc1-24	Fundamental mechanisms of nep formation in cotton.	Mesilla Park, N. Mex.
AEc1-28	Reducing tbe degrading effects of weathering in the field and the action of insects and microorganisms on ginned cotton fiber and seed.	Clemson, S.C.
AEc1-31	Cotton ginning efficiency and cost	Stoneville, Miss., Clemson, S.C. and Mesilla Park, N. Mex.
AEc1-32	Development of alternative seed cotton cleaning devices and methods based on a tborough evaluation of present equipment.	Stoneville, Miss., and Clemson, S.C.

Farm research—Continued

Project No.	Title	Work locations during past year
	Cotton ginning investigation, etc.—Con.	
AEc1-33	Improvement and evaluation of equipment for cleaning lint cotton.	Stoneville, Miss.
AEc1-34	Improving cotton ginning performance through cotton quality evaluations and their relationships to ginning and associated operations.	Mesilla Park, N. Mex.
AEc1-35	Improving extra long staple cotton ginning means and methods.	Do.
AEc1-36	Roller gin adjustment for optimum performance.	Mesilla Park, N. Mex., and Stoneville, Miss.
ARc1-37	Measurement of raw cotton length for cotton ginning evaluation.	
AEc1-38	Gin stand research and development	Mesilla Park, N. Mex., Clemson, S.C., and Stoneville, Miss.
AEc1-39	Materials handling and collection at cotton gins.	Mesilla Park, N. Mex., and Clemson, S.C.
AEc1-40	Effects of production and harvesting methods and practices on cotton ginning and fiber quality.	Do.
AEc1-41	Cotton bale packaging improvement	Stoneville, Miss., and Clemson, S.C.
AEc1-42	Relationship of temperature, moisture, impact, and tensile stresses during ginning to fiber strength, length distribution, and yarn quality.	Stoneville, Miss., and Mesilla Park, N. Mex., and Clemson, S.C.
AEc5-4	Equipment and techniques for crop residue disposal in cotton production.	Stoneville, Miss.
AEc5-5	Equipment and methods for optimum seedbed preparation for cotton.	Stoneville, Miss., and Shafter, Calif.
AEc5-6	Power requirements of cotton production implements.	Do.
AEc5-7	Synthetic mulches for improving cotton stands.	Stoneville, Miss., and Lubbock, Tex.
AEc5-8	Cooperative studies on the effects of production practices on the end use quality of cotton and cottonseed.	Stoneville, Miss., Auburn, Ala., Lubbock, Tex., and Shafter, Calif.
AEc5-9 (revised)	Evaluation and development of cotton harvesting machines.	Stoneville, Miss., Lubbock, Tex., and Shafter, Calif.
AEc5-10	Reduction of moisture added to seed cotton by spindle-type harvesters.	Stoneville, Miss., and Shafter, Calif.
AEc5-11	Sources of trash in cotton harvesting	Auburn, Ala., and Stoneville, Miss.
AEc5-12	Plant characteristics affecting the performance of mechanical cotton harvesters.	Do.
AEc5-13	Field separation of immature cotton bolls from mature cotton.	Lubbock, Tex.
AEc5-14	Field handling and storage of machine-harvested cotton.	Lubbock, Tex., and Stoneville, Miss.
AEc5-15(C)	Cottonseed germination and quality as affected by harvesting and ginning operations.	State College, Miss., Clemson, S.C., and College Station, Tex.
AEd4-7	The response and physiological effects of light on the boll weevil.	State College, Miss.
S2 1	Cotton utilization investigations:	
S2 1-164 (revised)	Development of a prototype machine for removing short fibers from cotton.	New Orleans, La.
S2 1-170(C)	Investigation of the relationships between ease-of-care performance and the geometry of cotton fabrics.	Dedham, Mass.
S2 1-178(C)	Large-scale spinning evaluation of the effect of fiber properties and spinning variables on yarn properties and end breakage during spinning.	Auburn, Ala.
S2 1-181 (revised)	Improvement in the bulk resilience and cohesion of cotton batts as a means of enhancing cotton's competitive position in this market.	New Orleans, La.
S2 1-183(C)	Investigation of the effects of mechanical treatments prior to, during, and following resin finishing on the ease-of-care properties of fabrics and garments.	Raleigh, N.C.
S2 1-193 (revised)	Development of stretchable-type cotton yarns and fabrics that will successfully compete with fabrics made from synthetic fibers and blends of synthetic fibers for clothing, household, and industrial uses.	New Orleans, La.
S2 1-195	Investigation of radiochemical yields of high-energy radiation activated reactions of cotton to develop improved cotton products.	Do.
S2 1-196	Fundamental study of mechanisms of cellulose etherifications.	Do.

Farm research—Continued

Project No.	Title	Work locations during past year
	Cotton utilization investigations—Con.	
S2 1-197(C) (revised)	Evaluation of stretch-type cotton yarns in knitwear.	Raleigh, N.C.
S2 1-198	Relationship of fiber properties to fabric behavior in wash-wear treatments.	New Orleans, La.
S2 1-199(C)	Exploratory investigation of the reaction of acetylene and related compounds with cotton cellulose.	Easton, Pa.
S2 1-200(C) (revised).	Development of weather-resistant, water-repellent finishes for cotton.	Denton, Tex.
S2 1-201	An investigation of the interfiber frictional force and associated fiber properties to improve the processing of cotton products.	New Orleans, La.
S2 1-203	Investigation of the effects of time and environmental conditions on the rate of recovery of wash-wear cotton fabrics.	Do.
S2 1-204(C)	The aerodynamic separation of lint cotton into individualized fibers to provide information needed for improving cotton textile processing equipment.	Westbury, Long Island, N.Y.
S2 1-205(C)	The development of cotton knit fabric having increased bulk, warmth, and dimensional stability.	Clemson, S.C.
S2 1-206(C)	A determination of the structural components of the cotton fiber that contribute most to tensile strength and how they can be utilized to increase tensile and recovery properties to produce cotton products having enhanced physical properties.	South Pasadena, Calif.
S2 1-207	Development of guides for the maximum utilization of cottons of varying fiber properties.	New Orleans, La.
S2 1-208	Investigation of the effects of gross and fine structures of the cotton fibers on their physical behaviors.	Do.
S2 1-209,S2 1-209 (revised).	Microscopical investigations of absorption phenomena in native, mercerized, and modified cottons.	Do.
S2 1-210	The crosslinking of various physically modified crystalline forms of cotton as a means of producing resilient cotton textiles having improved appearance and durability to wearing.	Do.
S2 1-211	Investigation of finishing treatments to produce wash-wear cotton stretch fabrics with improved strength, drape, and hand.	Do.
S2 1-212	Development of test methods for stretch cotton textiles for use as a guide in producing better cotton stretch yarns and fabrics.	Do.
S2 1-213	The development by chemical and mechanical treatment of stretchable-cotton yarns suitable for weaving and knitting into fabrics with enhanced qualities.	Do.
S2 1-214	Separation and identification of the cleavage products of partially etherified cottons, including crosslinked cottons.	Do.
S2 1-215	Development of an improved method of feeding the cotton card to produce higher quality textile products and thus increase the utilization of cotton.	Do.
S2 1-216	A study of reactions between epoxy compounds or their halohydrin precursors and cotton cellulose.	Do.
S2 1-217(C)	Effect of variation in structure on cotton fiber properties caused by environmental and genetic factors to obtain basic information important in optimum utilization of cotton.	College Station, Tex.
S2 1-218	Development of improved instrumental techniques for selected elemental analysis of additively and chemically modified cottons to aid in improvement of cotton textile products.	New Orleans, La.
S2 1-219	Improved methods of etherifying cotton cellulose.	Do.
S2 1-220	Investigation of improved infrared spectral techniques for the study of modified cottons to aid in the development of textile products for specific uses.	

Farm research—Continued

Project No.	Title	Work locations during past year
	Cotton utilization investigations—Con.	
S2 1-221(C)	Investigations to determine the effects of fiber extensibility on fiber breakage in mechanical processing.	Knoxville, Tenn.
S2 1-222(C)	Treatment of cotton fibers by sonic energy to obtain basic information required for the development of improved equipment for processing cotton into textiles.	Carteret, N.J.
S2 1-223(C)	Effect of the soiling environment on the soiling tendency of a series of cotton finishes.	Washington, D.C.
S2 1-224(C)	Determination of optimum yarn constructions, knitting structures, and prefabrication design for producing stretchable articles of knitted cotton wearing apparel by slack mercerization.	Raleigh, N.C.
S2 1-225(C)	The relationship of molecular size, nature, shape, conformation, and configuration of organic nonaqueous compounds to their swelling power on cotton cellulose.	Brooklyn, N.Y.
S2 1-226	The development of cotton fabrics having improved warp and filling stretch properties by a comprehensive investigation of fabric and yarn structures and processing conditions during slack, mercerization and resin treatment.	New Orleans, La.
S2 1-227	Excellent smooth drying and wrinkle-resistant fabrics by crosslinking cotton with highly reactive methylolamide amino acid derivatives.	Do.
S2 1-228(C)	Investigation of the physics of seam pucker in relation to fabric structure to develop improved sewing thread for wash-wear cotton products.	Atlanta, Ga.
S2 1-229(C)	Development of a method for counting neps in cotton at various stages of textile processing.	South Pasadena, Calif.
S2 1-230	Development of a durable wash-wear finish for cotton based upon monoalkyl carbamates.	New Orleans, La.
S2 1-231(C)	An investigation of the chemical modification of cotton through treatments with reagents in the vapor phase.	East Greenwich, R.I.
S2 1-232	The preparation of new finishing agents for cotton and cotton derivatives based upon lead and other metal compounds.	New Orleans, La.
S2 1-233	Preparation of fatty acid or hindered acid esters of cotton to form new or improved end-use textile products and investigation of reaction merchanisms involved.	Do.
S2 1-234	Investigation of blending methodology to establish optimum blending procedures. for maximum utilization of cottons differing widely in fiber properties.	Do.
S2 1-235	Improvement of smooth drying properties, wet crease recovery, and moisture absorptivity in wash-wear cotton through swelling treatments.	Do.
S2 1-237(Gr)	Investigation of the configurational interactions between fibers and yarns in the region of local deformations in woven cotton cloth.	Cambridge, Mass.
S2 1-238(Gr)	Correlation of surface microtopography of treated and untreated cotton fibers with resistance to soiling of cotton textiles.	Tucson, Ariz.
S2 1-239(C)	Development of wash-wear cotton fabric with improved moisture absorptivity by use of reactive swelling agents.	Birmingham, Ala.
S2 1-240(Gr)	An exploratory study of the crosslinking of chemically modified cotton to obtain cotton fabrics with an optimum combination of resiliency and thermoplasticity.	Princeton, N.J.
S2 1-241(C)	Investigation of factors influencing comfort in cotton apparel fabrics.	Washington, D.C.
S2 1-242(C)	To determine optimum processing procedures for cotton differing in tensile and elastic properties and relate these properties to mechanical processing performance yarn, and fabric properties.	Auburn, Ala.
S2 1-243(C)	Development of finishes for cotton fabrics to render them more rapid drying.	Washington, D.C.

Farm research—Continued

Project No.	Title	Work locations during past year
	Cotton utilization investigations—Con.	
S2 1-245(C)	The development of weather resistant cotton textiles with improved physical properties by interfacial and graft polymerization.	Birmingham, Ala.
S2 1-247	An investigation of the chemical modification of cotton fabrics using reagents in the form of fogs or aerosols.	New Orleans, La.
S2 1-248(Gr)	Elucidation of the role of fiber morphology on frictional behavior important in mechanical processing of cotton fibers and in the behaviors of cotton products.	Atlanta, Ga.
S2 1-249	Investigations of cotton fiber-property changes, during mechanical and chemical processes, which are responsible for altered sorption of alkali solutions.	New Orleans, La.
S2-1-250	Treatment of cotton with fluorochemicals to produce a finish with low surface energy.	Do.
S2 1-251	Exploratory research to impart multifunctional properties to cotton through the use of special tailored compounds.	Do.
S2 1-252	Development and evaluation of a new machine for opening and blending bales of cotton in any desired proportion in textile mills.	Do.
S2 1-253	Wash-wear cottons of high abrasion resistance by the application of durable polymeric coatings.	Do.
S2 1-254	Development of optimal cotton fabric structures for men's trousers and dress suits.	Do.
S2 1-255	Investigation of effective cross-links in cotton modified by chemical treatment.	Do.
S2-1-256	Development of multipurpose finishes for outdoor cotton fabrics with improved physical properties.	Do.
S2 1-257	Development of durable, inexpensive flame retardants for cotton.	Do.
S2 1-258	Exploratory investigation of reversible chemical reactions to obtain information basic to the development of a commercially feasible reversible cross-link.	Do.
S2 1-259	The fixation of antimicrobial agents in cotton fabric by use of zirconium compounds, to impart improved weather resistance.	Do.
S2 1-260	Investigation of resistance to edge abrasion in wash-wear cotton and methods for improvement.	Do.
S2 1-261	Investigation of spatial and structural effects of reversible and conventional cross-links in cotton.	Do.
S2 1-262	An investigation of tensile and torsional or bending recoveries of single fibers, yarn, and fabrics of wash-wear treated cottons under wet and dry conditions.	Do.
S2 1-263	Microscopical investigations of chemical substitution and cross-link formation in cotton, to provide information basic to research required for increased utilization of cotton.	Do.
S2 1-264	Investigation of the fluorescence spectra of native and modified cottons, to obtain information needed in the development of improved textile products.	Do.
S2 1-266(C)	Development of a research instrument for accurately and automatically determining length, length distribution, and diameter of cotton fibers.	South Pasadena, Calif.
S2 1-267	Wash-wear fabrics of increased strength, durability, and luster by cross-linking fabrics woven of premercerized yarns.	New Orleans, La.
S2 1-268	Development of new basic information concerning the reactions of cellulose by use of nuclear magnetic resonance and other spectroscopic techniques to facilitate research in the chemical modification of cotton.	Do.
S2 1-269	Investigations to improve the production and the performance characteristics of chemically treated cotton batting.	Do.

Farm research—Continued

Project No.	Title	Work locations during past year
	Cotton utilization investigations—Con.	
S2 1-270	Investigation of the formation of free radicals in fibrous cotton cellulose and the reaction mechanisms of the activated cellulose with selected reagents, to develop new and improved cotton products.	New Orleans, La.
S2 1-271	Development of improved insectproof cotton bags for the storage and shipment of food commodities, to maintain and expand markets for cotton.	Do.
S2 1-272	The relation of fiber properties to fabric behavior in chemically treated cotton fabrics.	Do.
S2 1-273	Development of a method for removing short fibers and improving fiber parallelization at textile carding machines.	Do.
S2 1-274	The effect of high-production carding on fiber length distribution and formation of fiber hooks in cotton.	Do.
S2 1-275	Development of more reliable methods of appraising damage done by abrasive action on all cotton wash-wear fabrics.	Do.
S2 1-276	Investigation of new and improved X-ray diffraction techniques for the study of the crystalline structure of cotton and chemically modified cotton in contact with various interacting liquids.	Do.
S2 1-277	Investigation of the chemical kinetics of cellulose etherifications to expand utilization of cotton.	Do.
S2 1-178	Fundamental investigation of basic actions in cotton textile processing by means of high-speed photography.	Do.
S2 1-279	Development and evaluation of prototype equipment for feeding cotton to textile cards to produce cotton products with improved physical properties.	Do.
CH 1	Fabric quality, construction, and care of clothing and household textile articles.	
CH 1-15	Yellowing of cotton fabrics	Beltsville, Md.
CH 1-20	Improvement of fabric color with fluorescent whiteners.	Do.
CH 1-21	End use qualities in knitted fabrics	
S4-1	Cottonseed, southern region investigations:	
S4 1-102 (revised)	Development or hydrogenation techniques for cottonseed oil which will reduce cyclopropenoids with the least possible isomerization of the other unsaturated fatty acid groups.	New Orleans, La.
S4 1-103(C)	Investigations of gossypol esters and of mild oxidations products of gossypol and gossypol derivatives to develop information needed to aid the production of cottonseed meals and oils of the highest quality.	Knoxville, Tenn.
S4 1-104(C)	Investigation of the chemical and physical properties of cyclopropene fatty acids in cottonseed.	Urhana, Ill.
S4 1-105	Investigations on the cyclopropene acid constituents in cottonseed and cottonseed products.	New Orleans, La.
S4 1-106(C)	Investigation of the favor and aroma components in processed peanut products.	New York, N.Y.
S4 1-07(C)	Chemical investigations of cyclopropenoids to develop means of eliminating or physiologically inactivating the cyclopropenoids found in cottonseed products.	Urhana, Ill.
S4 1-109	Investigation of the proteins and nonglyceride lipid-soluble constitutents of peanuts and processed peanut products to expand their utilization.	New Orleans, La.
S4 1-109 (revised)	Investigations of the phospholipid, plasmalogen, and other lipid or lipid-soluble constituents of peanuts and processed peanut products to expand the utilization of food grade peanuts.	Do.
S4 1-110	Investigations to isolate and identify the factors in conntonseed meal that cause mortalities among swine to develop information for producing cottonseed meals that can be used without restriction in feeding to any nonruminants.	Do.

Farm research—Continued

Project No.	Title	Work locations during past year
	Cottonseed, southern region, etc.—Con.	
S4 1-116	Isolation, identification, evaluation, and control of fungi and toxic fungal metabolites which may develop during processing of cottonseed and peanuts to improve the acceptance of their processed products.	New Orleans, La.
S4 1-117(C)	Development of practical processing methods for inactivation of cyclopropene groups in cottonseed meal that decrease its value as a feed for laying hens.	Chicago, Ill.
S4 1-123	Study of rates of extraction of cottonseed with acetone-hexane-water solvent mixtures and nature and quantities of constituents in miscellas and rheological properties of marcs, to develop information basic to the production of cottonseed meal and oil of the highest quality.	New Orleans, La.
S4 1-124	Preparation and evaluation of N-disubstituted fatty amides considered potentially useful as plasticizers, nitrile rubber softeners, and antifungal agents, to develop information basic to the increased utilization or cottonseed and other seed oils assigned to SU.	Do.
S4 1-125	Improvement of processes for making cocoa butterlike fats from cottonseed and peanut oils and the development of data and processing techniques for improving the performance of confectionery fats.	Do.
S4 1-126	Development of low-fat peanuts having acceptable peanut flavor and texture characteristics.	Do.
S4 1-127	Investigation to determine processing conditions for the production of oils and meals of maximum quality from glandless cottonseed.	Do.
S4 1-128	Development of new and improved techniques for preparing useful derivatives of cottonseed and peanut oils by esterification and interesterification.	Do.
S4 1-129	Investigation of methods for correlating and predicting solubilities of homologous and analogous long chain saturated and unsaturated fatty acid derivatives.	Do.
S4 1-130	Investigation of the chemical composition and characteristics of the protein systems of cottonseed to serve as a basis for improvement of nutritive value of cottonseed meal and flour.	Do.
S4 1-132 (C)	Study of sterilizing or inactivating treatments in conjunction with artificial drying and curing of peanuts to develop processing conditions needed for producing myco-toxin-free roasted peanut products of optimum quality.	Stillwater, Okla.
S4 1-134 (Gr)	The development of procedures for synthesizing labeled malvalic acid esters.	Boston, Mass.
SU-0-0-2 (SG)	Improvement of fat emulsions suitable for use in intravenous alimentation.	New Orleans, La.
SU-0-0-3 (AID)	A study of the preparation of cottonseed and peanut flours and their derived products for human consumption in developing countries.	Do.
SU P 1	Seed Protein Pioneering Research Laboratory	Do.
SU P 2	Plant Fibers Pioneering Research Laboratory	Do.

ECONOMIC RESEARCH SERVICE

ESA 1-10	Cotton and synthetic fibers	Washington, D.C.
ESA 2-6	Consumption of textile fibers	Do.
ME 7-16	Transportation of raw cotton by motortruck in southeastern United States.	Do.
ME 8-1	Charges and practices in marketing cotton	Do.
ME 8-2	Marketing margins and costs for fibers and textiles.	Do.

Farm research—Continued

ECONOMIC RESEARCH SERVICE—Continued

Project No.	Title	Work locations during past year
ME 8-5	Cotton ginning efficiency and cost	Arizona, Mississippi
ME 8-13	Economic evaluation of cotton quality	South Carolina.
ME 8-15	Pricing cotton in relation to fiber properties	Washington, D.C.
ME 8-24	Marketing and the use of cotton waste	Mississippi.
FE 9-13	An economic appraisal of boll weevil damage and alternative methods of control.	Washington, D.C., and selected States.
FE 9-19	Analysis of agricultural production response	Do.
FE 9-7	Economics of adjustments in cotton producing areas in California.	Davis, Calif.
FE 9-31	Appraisal of year-to-year changes in the cost of producing cotton in the United States.	Washington, D.C.

FARMERS COOPERATIVE SERVICE

a-1-1	Research, service and educational assistance for cotton and oilseeds cooperatives.	
a-1-1-1 (revision No. 2).	Advisory and educational assistance on current organizational and operational problems of cotton marketing cooperatives.	Arizona, Arkansas, California, Mississippi, New Mexico, Oklahoma, Texas, and Washington, D.C.
a-1-1-4	Organizational structure and operations of cotton cooperatives in Lubbock area of Texas.	Texas and Washington, D.C.
a-1-1-5	Cooperative marketing and processing of cottonseed and soybeans and their products.	Washington, D.C.

STATISTICAL REPORTING SERVICE

S&R 3-10	Women's attitudes toward cotton and other fibers used in wearing apparel.	Washington, D.C.
S&R 3-1	Young people's use and appraisal of natural and competing fibers used in wearing apparel.	Do.

MARKETING RESEARCH DIVISIONS, AGRICULTURAL RESEARCH SERVICE

TF 2-57	Handling and storage of bales of cotton	Bakersfield, Calif.
TF 2-70	Handling, drying, aerating, and storing cottonseed in commercial storages.	Stoneville, Miss.
TF 2-76	Development of satisfactory equipment and methods for humidifying cotton storage compartments to maintain the moisture content of stored bales at desirable levels.	Bakersfield, Calif.
MQ 2-108	Storage effects on molds and aflatoxins in cottonseed.	Beltsville, Md., and Washington, D.C.
MQ 3-23	Determination of moisture in grain, seeds, and oilseeds.	
MQ 3-24	Equipment for sampling and grading small grains and oilseeds.	Beltsville, Md.
MQ 3-25	Oil quality changes in long-term storage	Washington, D.C. and Beltsville, MD.
MQ 3-33(C)	Effects of production, harvesting, and ginning practices on spinning performance and cotton quality.	Clemson, S.C.
MQ 3-42	Surface contamination of cotton fibers	Do.
MQ 3-43	Measuring the frictional properties of cotton fibers.	Do.
MQ 3-45	Rapid measurement of refining loss in cottonseed oil.	Washington, D.C.
MQ 3-47	Evaluation of cotton fiber testing instruments	Clemson, S.C.
MQ 3-51	Reevaluation of official cottonseed standards	Washington, D.C.
MQ 3-71(C)	Techniques for rapid determination of cotton fiber strength.	
E9-AMS-4	Fiber maturity and breakage in processing cotton.	Rouen, France.
E9-AMS-5	Instrument for homogenizing and orienting cotton fibers.	Do.
E19-AMS-8	Length properties and processing performance of cotton.	Delft, Netherlands.

Senator JORDAN. May I ask one other thing?

Senator HOLLAND. Senator Jordan.

Senator JORDAN. I would like to see this added. Clemson College is doing a good job on some of these projects. The Department of Agriculture has a project in New Orleans, as you probably know, and there are ginning programs going on, and I don't know whether they are going to be coordinated into all of this or not, but they should be. In other words, they had these projects going before this $10 million was authorized. It may be that they have just been supplementing these. It would be a good idea to have that information.

Senator HOLLAND. I agree.

Senator JORDAN. Of course, State College in Raleigh is also doing a lot on breeding of seeds and a great many other things. We ought to get the whole picture.

Senator HOLLAND. We invite the cotton industry—I see it is well represented here—to make sure that this record shows the entire picture. I appreciate that suggestion. Go ahead.

Mr. GIRARD. Cotton promotion.

Consumption of cotton is determined in large part by its competition with other fibers, especially manmade fibers. One is the relative price for the competing fibers, and in this cotton has the definite edge. The other is the acceptability of the fiber for particular processes and end uses, and here is where cotton appears to be losing ground, in large measure because cotton has not been successful in getting its story across to the mills, cutters, designers, and most importantly, to the consumer.

Strong programs are needed in consumer research to determine what the consumer needs and wants. Equally important to producing fiber characteristics and materials to respond to such needs and wants, is the need to assure consumers through educational programs that cotton fibers can adequately satisfy these needs.

Senator HOLLAND. I am particularly interested in your statement that cotton has not been successful in getting its story across to the mills. I don't understand that part of the statement. Just what do you mean by it?

Mr. GIRARD. Well, I think that cotton has not devoted as much resources and educating the mills to doing the job that the manmade fibers are doing, working with the mills, having personnel to go to the mill operators, showing them what their fibers can do and can't do, suggesting the various mixes to be used with respect to the chemical fibers and cotton fibers, the proportions or ratios, and of course in doing that they naturally would try to push the ratios more favorably to their own fibers rather than cotton, and there are many people who feel that this is an area that cotton has sort of fallen down on, to make these contacts with the mills. Many of the mills are more interested in selling cloth than they are in whether they use cotton or some other fibers.

Senator HOLLAND. Is this a job for Government or is it a job for the cotton-producing industry?

Mr. GIRARD. I think it is a job for the cotton-producing industry, and as I understand it, this is one of the prime purposes of having a fund established, so the cotton-producing industry can do more in that area than they are now doing.

Senator HOLLAND. For the record, am I correct in my understanding that is only rayon of the synthetic fibers that has a cost anything like competitive with the cost of the cotton fiber?

Mr. GIRARD. That is right, sir.

Senator HOLLAND. The ones that are based on petroleum bases or other chemical bases are decidedly more expensive, are they not?

Mr. GIRARD. That is correct.

Senator HOLLAND. Is it possible that the great amount of prosperity that has been found in the Nation these last 2 or 3 years may have contributed to the willingness of people to buy the more expensive fibers or the clothes made from the more expensive fibers?

Mr. GIRARD. I imagine that would be a contributing factor. However, I think cotton is now proceeding to establish, through design and style and so on, garments at least that compare favorably stylewise with those of the synthetics, but it is not related to the cost of the fiber itself, which as you know, Mr. Chairman, frequently only provides a very small part of the cost of the finished garment, whether it be a shirt or a ladies' dress.

Senator HOLLAND. All right, sir, proceed.

Mr. GIRARD. To continue with the point that the chairman raised, I would say that consumer education itself is not enough. To get back into the critical points in the marketing channels where decisions are made as to which fiber is used, and this comes even before consumer exposure. This brings in what the chairman indicated was a problem, and that is the acceptability of a fiber by the manufacturer and the personnel who are going to use the fiber, and frequently this determination is only a belief rather than actual knowledge. Manufacturers of manmade fibers have devoted much effort to promoting their products so that manufacturers will use high proportion of manmade fibers in their products. These efforts include advertising in the conventional sense of the term, service work with processors and manufacturers so that they can utilize the performance characteristics of the fibers to their best advantage, making modifications in fiber characteristics so that the fibers are "hand tailored" to particular uses, working with sales personnel at all levels so that they know how to sell the fibers and explain their assets, and helping to finance advertising of individual outlets such as cutters of apparel and retail stores.

Thus promotion has played an important part in increasing consumption of manmade fibers and the declining consumption of cotton in this country. Although there has been some promotion for cotton it has been so small in relation to the effort made by manmade fibers that the consumption of manmade fibers has steadily and continuously outpaced cotton. A sharp increase in the promotional effort for cotton is needed if cotton is not to continue to lose ground to manmade fibers because of their massive promotion program.

I don't believe that anyone is so naive as to suggest that H.R. 12322 or any program under it will provide the panacea for all the ills afflicting the cotton industry. It is too modest an undertaking for that. Nevertheless, there are many of the opinion that such a program will place cotton in a better competitive position, even though it may not completely reverse the trend away from the use of cotton fiber.

I would like now to address myself to some of the important provisions of H.R. 12322.

H.R. 12322 is merely enabling legislation which would authorize what has been termed self-help, voluntary program to facilitate, with the assistance of the Government, a farmer financed and farmer operated research and promotion program for cotton.

I believe I can best describe the bill by explaining how the program would work if the bill is enacted:

1. Cotton producer organizations would propose cotton research and promotion order to the Secretary.

2. If the Secretary determined that the proposed order would achieve the objectives of the act, he would issue a notice and hold public hearings on the proposal.

3. If the Secretary determined on the basis of the evidence introduced at the hearings that the order would accomplish the purposes of the act, he would issue the order.

4. The order would then be submitted to a producer referendum. No order could become effective unless it is approved by at least two-thirds of the producers of cotton voting in the referendum either by number of those voting or by volume of production represented in the referendum.

5. If the requisite producer approval is obtained, the order would become effective.

6. The Secretary would appoint a cotton board to administer the order from nominations submitted by eligible producer organizations.

7. The cotton board would enter into a contract with a cotton-producer organization whose governing body would consist of cotton producers selected by cotton-producer organizations certified under the act in such manner that every cotton-producing State, to the extent practicable, would have representation in relation to the volume of cotton marketed from such State.

8. The cotton-producer organization would develop and submit annually to the cotton board cotton research and promotion projects together with an estimated budget covering the cost thereof. Such projects and budget, after, after review by the cotton board, would be submitted by the board to the Secretary with its recommendations.

9. Research and promotion projects and budget would become effective only after approval by the Secretary.

10. Those research and promotion projects proposed by the cotton-producer organization, recommended by the cotton board, and approved by the Secretary would be carried out by the cotton-producer organization pursuant to its contract with the cotton board.

11. The cost of such research and promotion projects, as well as the expenses of the cotton board, would be paid from producer assessments of $1 per bale collected by handlers specified in regulations adopted by the cotton board. The rate of assessment could be changed only by an amendment to the order following public hearing and producer approval.

12. Any cotton producer who paid any assessment collected under the order could obtain a refund of such assessment upon application to the cotton board.

13. The order or any provision thereof would be terminated or suspended by the Secretary if he found that it did not effectuate the declared objectives of the act.

14. Ten percent by number of the cotton producers voting in the referendum establishing the order could request a referendum to determine whether cotton producers desire to suspend or terminate the order. If the majority of the cotton producers voting in any such referendum who produce more than 50 percent of the cotton produced by producers voting therein favor termination or suspension of the order, the Secretary would be required to terminate or suspend the order.

The statute also includes, of course, ancillary provisions dealing with reports, records, and enforcement. But I believe I have covered the most important substantive provisions.

CONCLUSION

If producers are willing to finance a self-help program such as that contemplated by the bill, we believe they should be encouraged to do so by enactment of this legislation.

Mr. Chairman, we approve this bill. If it is enacted and a cotton research and promotion order receives widespread support among cotton producers, we in the Department pledge ourselves to assist in every way to make the program successful.

I shall be happy to answer any questions.

Senator HOLLAND. The first question is this: Does the bill now before us, which is the bill as it passed the House, contain the amendments which were suggested by the letter of Acting Secretary Schnittker to Chairman Cooley of the House committee?

Mr. GIRARD. It contains all the amendments except one, and that is the amendment we suggested with respect to imposing upon the handler who collects the assessment the burden of making a payment. The way the bill is now drafted does leave some question in our minds as to whether or not we might be compelled to proceed against individual producers who fail to pay the handler the amount of the assessment, because the act provides or the bill provides that the producer shall pay the handler, and then it indicates that injunction proceedings can be applied against any person to require compliance with the bill.

Now one of the reasons why we were a little bit fearful of making the imposition on the producer and then having suits brought against the producers, we may find ourselves in a position of trying to force a person to pay what he can get back by merely requesting the refund. So it does leave us in a rather peculiar position in that respect.

However, the penalties in the bill are applicable only to handlers, whether they be ginners or other handlers as defined by the regulations of the cotton board. And there is no penalty against the producers, but you do have this rather odd or peculiar situation whereby the producer is compelled to pay, and then presumably an injunction can be instituted or injunction proceeding against individual producers.

Now because of the way the bill is worded, however, this may not be a problem because we probably would not recommend to the De-

partment of Justice, and if we did the Department of Justice would not want to go forward with the case whereby you would sue somebody to collect some money which they could immediately get back by way of a refund. So it is a matter of language I think rather than disagreement regarding substance.

Now, Mr. Bucy here has worked with this language, and he is the Assistant General Counsel, and he might have something further to add to that.

Senator HOLLAND. Let me ask a question or two. First if I understand it, unless approved by a subsequent referendum, the producer would be required to pay $1 a bale to the handler to whom he delivered the cotton, is that correct?

Mr. GIRARD. Yes, sir.

Senator HOLLAND. Would the handler be the ginner in all cases?

Mr. GIRARD. Not necessarily. I think most people consider the ginner as the source because under these voluntary programs generally it has been the ginner who makes the collection on behalf of the cotton institute. However, there may be States or areas where some other method is deemed desirable, and if that is the case, why the cotton board has the authority to issue regulations which would make the collector of the money someone other than the ginner.

Senator HOLLAND. Is there any cotton that enters into commercial channels that has not first been ginned?

Mr. GIRARD. No, sir.

Senator HOLLAND. Then the simplest way to get at all handlers who handle all the cotton would be to define the handler as the ginner in every case, would it?

Mr. GIRARD. Well I would think so, but apparently, and I would have to defer to these gentlemen who have sponsored this bill and who have requested this flexibility to elaborate as to who they might think would be the collecting agent other than the ginner. The ginner does seem to be a natural.

Senator HOLLAND. How many ginners are there that handle the ginning of cotton in the Nation?

Mr. GIRARD. About 5,000, sir.

Senator HOLLAND. And how many producers are there?

Mr. GIRARD. Around 490,000.

Senator HOLLAND. It would obviously be much more practical to have the transaction limited to the ginners in the first instance, and have your recourse in the courts in individual proceedings against the ginners, would it not?

Mr. GIRARD. I would think so, and that is the way we operate under other marketing agreements and orders. We try to get the narrowest part in the marketing process against which to impose our order, to avoid that problem of having too many people involved in the enforcement actions.

Senator HOLLAND. Now the fact is that the time during which a grower or producer can require the refunding of his money is limited by the bill, isn't it?

Mr. GIRARD. Well, the time is specified by the cotton board, but cannot be less than 90 days after the payment is made, and after the application for the refund is made, it must be refunded within 60 days after the application.

Senator HOLLAND. Well, assuming that the bill was reworded so as to limit the time to 90 days in all cases, there wouldn't be much handicap about the bringing of suits, would there, because probably the matter is clear to the Department, and the Department of Justice, and the final bringing about of litigation would in almost every case certainly, probably in every case, require the conclusion of the 90-day period before law suits would be brought.

STATEMENT OF CHARLES W. BUCY, ASSISTANT GENERAL COUNSEL FOR MARKETING, REGULATORY LAWS, RESEARCH, AND OPERATIONS, OFFICE OF THE GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE

Mr. BUCY. It is 90 days after the producer has paid the money, at present in the bill, Senator, so that if he didn't pay and you brought the injunction and forced him to pay, his 90 days would run from the time that he made payment.

Senator HOLLAND. That obviously is a rather foolish provision if he can come in, and in his answer say, "Yes, I haven't paid. I am willing to pay it into the court. I will require it back." Your litigation would have been a very vain exercise, wouldn't it?

Mr. BUCY. Yes, indeed.

Senator HOLLAND. And that is why you object to it in its present form?

Mr. BUCY. That is true, and the fact that the amounts involved are so small that the Federal courts aren't going to be enthusiastic entertaining these where a producer may owe $5 and we have to run into court to bring an injunction against him, where if it is a ginner, why you have got a more substantial proposition.

Senator HOLLAND. Now as I understood it, there are around 5,000 ginners, and there are around 495,000 producers, are those figures correct?

Mr. GIRARD. That is correct.

Senator HOLLAND. Then it is obviously much simpler to confine the payment and the action to the ginner group rather than bringing suit against the producer.

Mr. BUCY. That was the thought behind the Department's suggestion that that be considered, Senator.

Senator HOLLAND. Is there anything in the report of the other body, the report of the committee of the other body, that indicates why they rejected that recommendation?

Mr. BUCY. I don't believe so. I don't believe they dealt with this.

Senator HOLLAND. I think that this is a good time to mention the two objections which have been voiced in correspondence which I have received. The first objection is to the referendum being determined on the basis of either the number of producers or the volume of production. Under the bill an order could be approved by two-thirds of the number of producers, or by the producers of two-thirds of the volume produced; is that correct?

Mr. GIRARD. That is correct, sir. It must be approved by one or the other.

Senator HOLLAND. The correspondence which I have received in many instances voices the feeling that only one of those standards

should be incorporated in the bill, that is the requirement should be that two-thirds of the porducers voting in the referendum must approve before the project can be put in force. Do you have any comment on that?

Mr. GIRARD. Yes, Senator. We are confronted with this situation. If we go on numbers alone, then 34 percent of the producers—I want to get this right—there are 34 percent of the smallest producers who produce only about 5 percent of the crop. That would mean that they could defeat an order which was desired by the producers of 95 percent of the crop. Conversely less than 25 percent of the producers produce more than two-thirds of the crop, and, therefore, conceivably they could vote a program in, event though 75 percent of the producers were opposed to it.

We feel in the Department that this is a restriction that requires approval either way, but at the same time the Secretary, as is the case under marketing agreements and orders, would look at both sides of the equation, and should be permitted to do that because of this wide discrepancy—numbers versus volume.

In our marketing agreement order experience, and also with respect to the wool program, the Secretary looks at both numbers and volume. Generally, two-thirds by numbers in many of these crops will produce two-thirds of the volume. But that is not necessarily so, and I remember our tomato, Florida tomato, marketing agreement and order, where the program carried by 58 percent by number but 82 percent by volume, and the Secretary felt that that was sufficient support to warrant his going ahead with the program.

Conversely in none of our programs do we have approval by less than 50 percent of production. In other words, the Secretary looks at both, and in this case, for example, if we were to get a vote of 25 percent by numbers, even though that were two-thirds of the volume, the Secretary would have to take into consideration that with all the refunds that he could anticipate, and the cost thereof may make that kind of a program simply unworkable, so that is why we feel that it probably would be desirable to leave the alternative in there, and have the Secretary look at both volume and numbers, in determining whether this is a program that has sufficient support to warrant the assistance of the Federal Government in its administration.

Senator HOLLAND. Is any consideration given to the possibility of excluding the group of smallest growers; that is, those producing let's say 2 bales or whatever figure you should set as the line of demarcation between the very small growers and others?

Mr. GIRARD. I haven't heard that one discussed, Senator. I certainly see no objection to a cutoff of 2 to 5 bales or something of that sort. Productionwise it wouldn't amount to too much as far as the collection of money under the program is concerned. Now, whether the sponsors would agree with my statement in that regard, I have no way of knowing because I haven't discussed it with them.

Senator HOLLAND. Of course, eventually it isn't a question of whether the sponsors agree: it is a question of whether the Congress agrees.

Mr. GIRARD. That is correct, sir.

Senator HOLLAND. And whether the President approves the bill if the Congress should agree.

Mr. GIRARD. What I had in mind, sir, was that they may have some reasons that I am not aware of which they would like to present for your consideration.

Senator HOLLAND. You are mindful, of course, of the fact that in many of the programs not based on agreements, that small producers are excluded from the ones who vote in the referendum.

Mr. GIRARD. That is right, sir.

Senator HOLLAND. What commodities other than wheat are, or have been, in that classification?

Mr. GIRARD. Joe, do you know what other commodities have a small farm exclusion? I know wheat has.

STATEMENT OF JOSEPH A. MOSS, DIRECTOR, COTTON POLICY STAFF, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. MOSS. Peanuts has a small acreage. I think it is an acre.

Mr. GIRARD. It is mainly in the adjustment programs.

Senator HOLLAND. In various programs administered by the Department, this device has been used to exclude the necessity of going to the very smallest growers for approval or disapproval of programs that were set up.

Mr. GIRARD. That is right, sir.

Senator HOLLAND. As to whether or not such an approach should be used in this case, you would prefer that the sponsors of the program be requested by the committee to comment, is that it?

Mr. GIRARD. I would prefer that, sir.

Senator HOLLAND. All right. Now in the next case it is also true that in connection with various allotment programs, minimal figures have been set beyond which the allotments shall not reduce the production of the growers. That is the case also, isn't it?

Mr. GIRARD. That is right, sir.

Senator HOLLAND. And even in the last cotton bill, special consideration—special provision was made for payments to the small producers, was it not?

Mr. GIRARD. That is right, sir.

Senator HOLLAND. What was the level of production which was permitted to have the benefit of the larger price-support payments under the most recent cotton price-support program?

Mr. GIRARD. Mr. Moss.

Mr. MOSS. Under the 1965 act, the farms with allotments of 10 acres or less or farms where the allotment multiplied by the projected yield is 3,600 pounds or less, those farms receive the price-support and diversion payments without actually making any reduction in their acreage planted.

Senator HOLLAND. Then special consideration and more generous treatment was given to the growers that fell into either of those two classifications.

Mr. MOSS. Yes; that is right.

Senator HOLLAND. Is there any reason why some similar exclusion proceeding could not be written into this bill which would make the administration's bill much simpler and would make it unnecessary to

go to a great many thousands of these smaller growers, who if they made their contribution would make very small additions to the amount that would be made available.

Mr. GIRARD. I can see no reason why something couldn't be written in, sir.

Senator JORDAN. Mr. Chairman, may I comment on that.

Senator HOLLAND. Senator Jordan.

Senator JORDAN. About this differential between a small grower of cotton. You remember that was gone into here in great detail. One of the reasons the small producer of cotton has to have a better differential in treatment is that he can't mechanize a 2- or 3-acre farm or an 8- or 9-bale operation at all. He is almost forced to pick that by hand, and he has a tremendous price differential in what it costs him to produce cotton and get it in a bale as against a large producer.

That was one reason the small farmer was given the differential, which he has to have if he is to survive as a cotton producer. He has to have a little better price for it. Totally they produce a lot of cotton. In North Carolina, for instance, the great majority of our cotton farmers come under 10 acres.

Senator HOLLAND. I remember that we had the figures up when this 1965 bill was passed, and I remember that there was a large amount of cotton produced by those who came within the group that was given most generous treatment under that bill. I wasn't thinking of using that same figure here at all. I was thinking of using a much smaller figure, which would exempt thousands of small producers without diminishing greatly the funds that would be available for this program. The net effect would be to give those very small producers a little better break, because they would have the advantage of this promotional research program which they wouldn't be assisting to finance.

It occurred to me that it might be good judgment to eliminate the possibility of trouble in referendums and also of a vast amount of administrative handling, by the elimination of some small producers. I was not thinking in terms of 3,600 pounds. That would be something over seven bales. Ten acres might easily go well above that. I believe in some instances 10 acres might produce up to nearly 30 bales, depending on where the 10 acres was located. So either of those figures would be too high.

Senator JORDAN. Yes.

Senator HOLLAND. I would certainly have no idea in mind of such a large exclusion figure, which I think would be hurtful to the program. But it did occur to me, and it does now, that the program can be made more practical by an exclusion figure which will exclude many thousands of very small growers, many of whose reactions you couldn't determine in advance and their total contribution to the program would not be great.

I simply throw out that idea.

Now the other thing that has been objected to in the letters that I have had is the right of refunding.

Do you have any other program in existence under a marketing agreement or order, in which the contributing producer has the right to secure refund?

Mr. GIRARD. No, sir.

Senator HOLLAND. What is the reason for providing for refund in this case?

Mr. GIRARD. Mr. Bucy just reminds me that under the marketing order program, the assessment is on the handler rather than the producer.

Senator HOLLAND. The collection is on the handler here, too.

Mr. GIRARD. It is on the handler, but the producer is the one who gets the refund, because the handler collects it from the producer. But as I understand it, the idea was to make this more in the nature of a voluntary participation following the sort of approach taken by the American Dairy Association, the National Livestock & Meat Board, where market agencies or handlers will deduct payments for those respective organizations, with the understanding that if any producer wants to apply, he can get his money back. This is I think the reason behind it, plus the fact that there are a number of State programs who provide for refunds on advertising and promotion programs, and it was those precedents I believe, plus the fact that it would be more acceptable to cotton farmers generally I assume, if they had this option of refunds included in the program.

Senator HOLLAND. As a matter of fact, the cotton industry itself now has a voluntary program and has had it for some years, has it not?

Mr. GIRARD. That is right. We have the cotton institute and the cotton council.

Senator HOLLAND. And how much of the cotton production has contributed to the funds that have been set up under that program?

Mr. GIRARD. Well, on the cotton institute, which is—well, I wouldn't want to call it an assessment—a contribution by producers, runs about $3 million a year, and at $1 a bale it would be about 3 million bales.

Senator HOLLAND. Out of the total production of how many?

Mr. GIRARD. Around 15 million.

Senator HOLLAND. So about one-fifth of the cotton produced has been contributing under the voluntary program?

Mr. GIRARD. That is right, except that as I understand it, this past year or two there has been a diminution in the support for that program.

Senator HOLLAND. I understood you to say a while ago that one of the reasons for putting this refund program in was to make it in the nature of a voluntary program. Why do you think this, as a voluntary program as you call it, would be more productive of funds than the voluntary program that has been underway.

Mr. GIRARD. Well, as I understand it, there is involved a competitive situation among ginners. The ginners in the same community will not participate in the voluntary program if one of them bows out. In other words, they feel that the same ginning costs, and this is kind of part of the costs in a sense, must be applied across the board is anyone is going to participate.

In some of these areas, where we have had all ginners participating, one has withdrawn, and then the others have felt that they had to do likewise, whereas under this bill if the ginners are named the handler, why he won't have any choice. He will have to make the collections

and pay it into the cotton board, and then of course the individual producers from whom the money is collected would have to apply to the cotton board for the refund, and I assume that they believe that this will provide for more participation than the way it is at the present time, and they will collect more money.

Senator HOLLAND. Suppose one ginner in an area advises producers that he will in all cases in buying cotton and taking their dollar also take the application for refund.

Wouldn't it have the same effect as the situation that you have mentioned has had in various areas where one ginner has withdrawn from the voluntary program?

Mr. GIRARD. As I understand it, the bill provides that the cotton producer must personally apply for the refund, which I understand will eliminate the use of agents such as a ginner or somebody else. The producer himself will have to file an application for the refund on a form provided by the cotton board and mail it directly to the cotton board for the refund, so that as this is structured, the ginner would have to collect and remit, and then whether the producer asked for a refund would be up to him, but he would have to make it directly rather than through the ginner.

Senator HOLLAND. It occurs to me that it would be quite easy in an area where there was considerable disapproval of this program for the ginner to operate as I have suggested, because the application forms could be addressed to the cotton board or the Secretary of Agriculture or whoever else was named by the bill, and could be forwarded as individual applications for refund. In other words, there is such a minor detail involved that unless the industry is together on this thing, it is subject to being emasculated by recalcitrant elements, both the producers or ginners or both, if the ginner is named as the handler under this bill, and that is what you intend to do.

It seems to me that it is so easily subject to being badly hurt in that way, that unless the program is supported by an almost unanimous industry, it is a very weak program. Have you any comment on that?

Mr. GIRARD. Only this. That of course the ginner would not have any option. He would have to collect the money and remit it. It may be as you indicated, sir—I would assume the producer would have to apply to the cotton board for the form and it would be mailed directly to him, and then of course he would just have to submit the form. Of course the bill does say they will have to have proof that the payment was made, but it seems to me the ginners return with the names of the individual producers and the amounts would constitute the necessary proof, so it would be just a matter of the producer submitting this form, and then the check would be mailed back to the producer. But the ginner himself would have no option. He would have to collect the money and remit to the cotton board as I understand this legislation.

Senator HOLLAND. If I understand it, if the whole industry cooperated, and the $1 was paid for each bale produced, this program would produce somewhere in the neighborhood of $14 to $15 million a year for the objectives which are to be served by this program, is that right?

Mr. GIRARD. As I understand, the forecast for the 1966 crop is around 13 million bales.

Senator HOLLAND. All right, let's say from 13 to 15 million.

Mr. GIRARD. Yes, sir.

Senator HOLLAND. Judging by production in recent years, that would be the sum that would be available for the various types of programs which could be undertaken under this bill.

Mr. GIRARD. Yes, sir.

Senator HOLLAND. If the whole industry supported it.

Mr. GIRARD. That is right.

Senator HOLLAND. If there were no requests for refunds. Now did I understand Dr. Maclay to say a while ago that only 2 million of the 10 million authorized for the reduction of the costs of production had been activated by the Department out of the 10 million authorized for that purpose 2 years ago?

Mr. GIRARD. That is what Dr. Maclay stated.

Mr. MACLAY. Yes.

Mr. GIRARD. And we will of course get the exact figures for you, sir.

Senator HOLLAND. It is true, isn't it, however, that this bill covers a good deal more than the mere reduction in the cost of production. What other objectives could be pursued under this bill?

Mr. GIRARD. Well, of course there would be utilization research. There would be consumer acceptance research trying to find out what consumers want by way of garments and how they should be prepared, what kind of cotton should be used for them. But if we were to go on the basis of the cotton institute, about two-thirds of the money collected would be used primarily for promotion rather than research, and the research end of it would be concentrated, I would assume, in the areas of utilization rather than production.

Senator HOLLAND. The principal additional objective that could be carried out under this bill from the funds realized would be in sales promotion.

Mr. GIRARD. That is right, sir.

Senator HOLLAND. As a matter of fact, the Government already has a program in the utilization of cotton.

Mr. GIRARD. That is right, sir.

Senator HOLLAND. What is the size of the program of research for utilization?

Mr. GIRARD. Those are the figures we are going to supply to the committee.

Mr. MACLAY. $4½ million a year.

Senator HOLLAND. $4½ million a year for utilization.

Mr. MACLAY. Yes.

Senator HOLLAND. All right, the Government also has a program for consumer acceptance. What is the size of that program?

Mr. GIRARD. As I understand it, there isn't very much money being spent for that.

Senator HOLLAND. We have been appropriating for consumer acceptance research, not just for cotton, but for other agricultural prod-

ucts or for manufactured goods based on raw agricultural products for a great many years, and my recollection is that the Department has been reducing its figures for that purpose, and probably left it out entirely this year. Can you give us the figures on that?

Mr. MACLAY. I don't have that. We can furnish it.

Senator HOLLAND. Did the Department leave that out for this year's budget?

Mr. MACLAY. I could not say.

Senator HOLLAND. I wish you would call and get the authentic figures so we can have them to use later in this statement today, because I think it is an interesting showing of what the Government is doing in this regard. We have had a sizable and I thought it was a highly reputable program going on through the research agencies of the Department of Agriculture in connection with consumer acceptance. How much of that has been applicable to cotton I don't know, and what the attitude of the Department is with reference to continuance I am not even sure that I recall. But I think I recall that that is left out of the budget this year or very greatly reduced. So if you will call and get that information, I would appreciate your doing so by the time we get through with this statement.

(The information is as follows:)

Appropriations for consumer preference research (including research on cotton) conducted by the Statistical Reporting Service were approximately $232,000 in fiscal year 1965 and 1966. The same amount is included in the budget estimate for fiscal year 1967. The estimated costs of consumer preference research on cotton are:

Fiscal year 1965	$45,000
Fiscal year 1966	62,000
Fiscal year 1967	27,000

These estimates include both inhouse costs and payments to contractors for two nationwide studies of consumer reactions to natural and competing fibers in clothing. One, a study among teenage boys and girls, will be completed in fiscal year 1966; the other, a study among women 18 or older, is planned for completion in fiscal year 1967.

Senator HOLLAND. All right, how many States are regarded as commercial States for the production of short-staple cotton?

Mr. GIRARD. Fourteen, sir.

Senator HOLLAND. Are there other States which produce small amounts?

Mr. GIRARD. Yes, sir; Virginia, Florida, Illinois, Kentucky, and Nevada, making 19 in all.

Senator HOLLAND. What would be your method of handling this program in those five States that are not rated as commercial producers?

Mr. GIRARD. Under the act it is provided that a State, to have representation, should produce 20,000 or more bales. I notice that of the States that aren't the largest commercial, the five exceptions, Florida had 15,000 bales in 1965, Virginia 7,800, Illinois 2,500, Kentucky 8,500, and Nevada 5,000 bales.

Now it is contemplated, according to this bill, that these States would be joined with other States and participate in an equitable way to have

representation on the board as well as representation on the cotton producer organization which will actually operate the program. So how they will combine, whether they will combine say Florida with Georgia, or Virginia with North Carolina I don't really know. But it is provided that these States would have some representation on the board, presumably by joining together or joining some of these other States.

Senator HOLLAND. Under the bill it would be possible for these five States to join together?

Mr. GIRARD. That is correct.

Senator HOLLAND. For the purpose of having one representative to represent those five States.

Mr. GIRARD. That is right, sir.

Senator HOLLAND. And who would have the deciding power as to how one of these small producing States should be represented, whether by joining with one of its large neighbors, as in the case of Florida, with either Georgia or Alabama, or whether by joining with the other small producing States?

Mr. GIRARD. That would be provided for in the order itself, and of course the proposal would be subject to public hearings and so on.

Senator HOLLAND. In other words, the department would decide how it wished small producing States to be handled.

Mr. GIRARD. Of course whatever they decide would have to be supported by evidence in the record of the hearing, so I assume there would be a proposal for that.

Mr. BUCY. That is under (f) over here on page 21, section 17.

Senator HOLLAND. Page 21 of the bill?

Mr. BUCY. Yes, section 17 is the definition of cotton producing States, and it provides that they would be combined under regulations prescribed by the Secretary.

Senator HOLLAND. What page did you say?

Mr. BUCY. Twenty-one, it may be another page of the bill before you, Senator. I was looking at the report, but it is section 17.

Senator HOLLAND. It is in section 17.

Mr. BUCY. That is correct.

Senator HOLLAND. That appears on the bottom of page 20.

Mr. BUCY. Page 20.

Senator HOLLAND. And the top of page 21 in the Senate print?

Mr. BUCY. Starting on line 24 it says "except that any State producing cotton whose production during such period was less than such amount shall under regulations prescribed by the Secretary be combined with another State or States producing cotton in such manner that such average annual production of such combination of States totalled 20,000 bales or more." That is intended only to permit combinations of States producing less than 20,000 bales with other such States. It could be made clearer by inserting "such" on page 21, line 3, after "another".

Senator HOLLAND. I thought I remembered that. That is why I was a little surprised at the testimony just given that one of these small States could band with its adjoining big neighbor.

Mr. BUCY. No.

Senator HOLLAND. That is not the case.

Mr. BUCY. No.

Senator HOLLAND. Under this legislation?

Mr. BUCY. That is correct.

Mr. GIRARD. It would have to be through the regulations, and it may be regulations adopted as part of the order or in formal rulemaking regulations outside the formal hearing. So to that extent, sir, I stand corrected.

Senator HOLLAND. Then the fact is that the five States you have mentioned; that is, Virginia, Illinois, Nevada, Florida, and what was the other state?

Mr. GIRARD. Kentucky.

Senator HOLLAND. And Kentucky would become one State for the purpose of this program, is that correct?

Mr. GIRARD. Well, they could, or it may be two States.

Senator HOLLAND. In other words, they might decide that Florida and Virginia would constitute a good State, and Illinois and Kentucky and Nevada would make a good State, is that it?

Mr. GIRARD. Well, there are all sorts of combinations there.

Senator HOLLAND. So if Florida wanted to be represented by someone from the hard-trading Far West they could band up with Nevada; is that it?

Mr. GIRARD. Well, I assume there must be some logic advanced for how this is going to be done, and this would be submitted.

Senator HOLLAND. This would be submitted to the well-known discretion of the Secretary of Agriculture; would it?

Mr. GIRARD. Well, he would still have to take into consideration the views of the parties and the rulemaking procedure.

Senator HOLLAND. I think we understand what this provision is intended to mean. It occurs to me that it is subject to some discussion. How did you reach the 20,000-bale limitation?

Mr. GIRARD. That was not in the original bill. That was inserted in the House committee. The original bill did not provide any 20,000-bale provision. It said that every cotton-producing State would have not less than one representative on the board as well as in this organization. But in its way through the House, why the definition was added, that is 17(f) to which reference was just made.

Senator HOLLAND. Whoever added that wasn't particularly interested in the State that had only 15,000 bales being represented directly in this administrative board, was it?

Florida is the only State having above 10,000 bales in these five.

Mr. GIRARD. That is right.

Senator HOLLAND. And our production was 15,000; is that correct?

Mr. GIRARD. That is correct, sir.

Senator HOLLAND. All right, sir.

Mr. GIRARD. If you would like, sir, we could insert in the record the production of the various States. This would be helpful.

Senator HOLLAND. I think that would be well if you will insert that in the record at this time.

(The document referred to follows:)

Cotton lint

State	Acreage harvested			Lint yield per harvested acre			Production (500-pound gross weight bales) [1]		
	1959–63 average	1964	1965 estimate	1959–63 average	1964	1965 estimate	1959–63 average	1964	1965 estimate
	1,000 acres	*1,000 acres*	*1,000 acres*	*Pounds*	*Pounds*	*Pounds*	*1,000 bales*	*1,000 bales*	*1,000 bales*
North Carolina	391.0	381.0	370.0	358	470	292	292.0	374.0	225.0
South Carolina	562.0	538.0	489.0	366	496	491	429.0	558.0	500.0
Georgia	666.0	632.0	579.0	386	467	464	535.0	617.0	560.0
Tennessee	520.0	502.0	500.0	555	640	614	601.0	671.0	640.0
Alabama	866.0	831.0	808.0	408	512	502	735.0	889.0	845.0
Missouri	384.0	347.0	334.0	567	564	560	455.0	409.0	390.0
Mississippi	1,520.0	1,460.0	1,430.0	542	732	678	1,712.0	2,232.0	2,020.0
Arkansas	1,314.0	1,242.0	1,203.0	531	605	579	1,457.0	1,570.0	1,450.0
Louisiana	525.0	520.0	500.0	493	544	542	540.0	590.0	565.0
Oklahoma	620.0	575.0	555.0	286	239	316	371.0	287.0	365.0
Texas	6,317.0	5,675.0	5,565.0	345	348	408	4,538.0	4,122.0	4,725.0
New Mexico	197.0	185.0	176.0	705	666	641	291.0	257.0	235.0
Arizona	399.0	375.0	339.0	1,001	1,020	1,097	835.0	799.0	775.0
California	835.0	743.0	725.0	1,056	1,133	1,142	1,837.0	1,760.0	1,725.0
Other States [2]	51.0	51.0	48.0	399	430	390	43.0	45.0	39.0
United States	15,168.0	14,057.0	13,621.0	464	517	531	14,670.0	15,180.0	15,059.0
Other States:									
Virginia	14.7	14.7	14.5	342	444	258	10.5	13.6	7.8
Florida	23.8	24.0	22.0	321	325	327	15.8	16.3	15.0
Illinois	1.9	2.5	2.3	378	510	522	1.6	2.7	2.5
Kentucky	7.0	6.3	6.1	564	592	669	8.3	7.8	8.5
Nevada	3.4	3.1	2.9	868	777	828	6.2	5.0	5.0
American-Egyptian: [3]									
Texas	29.5	37.5	26.2	533	517	531	32.9	40.5	29.0
New Mexico	17.1	21.9	15.2	472	505	505	17.2	23.1	16.0
Arizona	36.6	47.0	32.8	572	562	585	44.9	55.2	40.0
California	.5	.7	.5	501	761	800	.6	1.1	.8
Total, American-Egyptian	83.8	107.1	74.7	538	536	551	95.6	119.9	85.8

[1] Production ginned and to ginned. A 500-pound bale contains about 480 net pounds of lint.
[2] Sums of acreage and production for "Other States" rounded for inclusion in U.S. totals. Estimates for these States are shown separately.
[3] Included in State and U.S. totals.

Senator HOLLAND. As I understand it, there are 14 States that have a production of better than 20,000 bales per State, and there are 5 producing States that have a production of under 20,000.

Mr. GIRARD. That is correct, sir.

Senator HOLLAND. Senator Jordan, do you have any questions?

Senator JORDAN. No.

Senator HOLLAND. I wanted to ask you one more question. It has been suggested to me by someone in your Department. Suppose the Department approves of permitting refunds as provided in this bill. How will this affect the Department's attitude toward orders for other commodities?

Mr. GIRARD. Well, of course this is separate legislation apart from the marketing agreement, the Agricultural Marketing Agreement Act, and one of the reasons why we have thought it would be preferable to have it as separate legislation, so that it will not act as a precedent with respect to our programs under the Agricultural Marketing Agreement Act. This is separate and apart just like the Wool Act is. Of course whenever you have a voluntary aspect to a program, there is always the possibility of some people urging that this be transferred

over into another program because of the precedent having been set, but that is something that is speculation I would judge.

Senator HOLLAND. I remember when the plight of the sour cherry producers was called to the attention of this committee. They were having trouble because sour cherries were produced in several States and they couldn't take advantage of the State marketing act of Michigan where I think the major part of production took place. We authorized inclusion of provision for advertising programs in marketing orders for cherries.

My recollection is that the Department approved such inclusion, but there was no provision for refund in that case.

Mr. GIRARD. There is no provision in the Agricultural Marketing Agreement Act for refunds under any assessments collected, either from handlers or under our milk programs where we do have assessments, market service payments that producers pay to have the milk tested and weights checked and information generally. None of our programs provide for a refund.

Now it is conceivable that you might have a marketing agreement not an order but just an agreement which may provide for a refund, but if it is an order——

Senator HOLLAND. Do you have any such?

Mr. GIRARD. We have one marketing agreement.

Mr. BUCY. But no refund.

Mr. GIRARD. Under peanuts, we have a marketing agreement on peanuts which deals with an insurance indemnity program concerning quality and so on.

Senator HOLLAND. It doesn't provide for refunds though does it.

Mr. GIRARD. No, it doesn't provide for refunds.

Senator HOLLAND. Could that be affected by adoption of a precedent of this kind with reference to even a larger, a much larger producing group?

Mr. GIRARD. Well, no, because it is not compulsory. It is only binding upon those who participate in the agreement in the first instance, and they have agreed among themselves, and with the Secretary, that they will set aside certain funds to be used for indemnification purposes to those who participate in the program.

Senator HOLLAND. Then you do not feel that the passage of this act with your approval would constitute a troublemaking precedent for the Department with reference to other commodities?

Mr. GIRARD. I wouldn't think so, sir.

Senator HOLLAND. All right, thank you very much. Let's call the next witness. Is Mr. Graham here, Mr. Harry L. Graham, legislative representative of the National Grange?

All right, Mr. Graham, we are glad to have you.

Proceed please, sir.

STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE REPRESENTATIVE, NATIONAL GRANGE

Mr. GRAHAM. Thank you, Mr. Chairman and members of the committee. I am Harry L. Graham, legislative representative of the National Grange. We appreciate very much this opportunity to testify in support of H.R. 12322.

For nearly a century, the Grange has been vitally concerned with the problem and welfare of the farm families and rural people of the Nation. At the 99th annual session of its delegate body last November, the following resolution was unanimously adopted:

Resolved, That the National Grange support the efforts of cotton producers to obtain the enactment of appropriate legislation to enable them, subject to producer approval by referendum, to carry out cotton research and promotion programs to be financed by uniform assessments on cotton producers throughout the Nation.

This resolution was an implementation of a fundamental policy of the Grange of long standing to support the efforts of producers of any agricultural commodity to obtain necessary enabling legislation whereby they may have the opportunity to carry out self-help research, advertising, and promotion programs to expand markets. This bill is such a producer self-help measure since (subject to producer approval by referendum) it will require the cotton producers to pay and cotton handlers to collect from them and to remit to a cotton board, responsible to and appointed by the Secretary of Agriculture from nominees made by cotton producers, an assessment on each bale of cotton handled, to be used to pay the cost of cotton research, advertising, and sales promotion programs developed and carried out by the producers themselves.

We believe that subsection (g) of section 7 of the bill is particularly well designed in that it will assure that no funds collected from cotton producers under the provisions of the bill will be used to finance programs of cotton research, advertising, or sales promotion, unless those programs have been initially developed by and are to be carried out by the producers themselves through their own representative organization.

At this point, Mr. Chairman, I would like to say that we think that this is one reason that this approach is superior to the present voluntary program, and that this does provide more producer control over those funds than appears ot be in the present cotton institute program.

We would also comment at this point that although there have been some questions (such as those raised in the House hearings about the authority of the Secretary), the provision that this is handled about as we have handled the other marketing programs: through the hearing and the referendum process, and the addition of the exemption clause and the termination provisions to this makes it difficult for us to believe that anybody is going to be able to have any more control than the producers themselves do not want them to have. We would say also that in our judgment when the Department, through its marketing agencies, whether it is in milk or whatever it is, does get in a position where it is responsible for the collection and handling of money, even though that money is finally spent by producer groups themselves, they certainly should have some control in order to provide that the money is properly accounted for and properly disbursed according to the will of the producer groups.

But this in our judgment is a long way from giving the control of this program to the Secretary of Agriculture.

It seems to us that this provision is essential in order to create and sustain the incentive in cotton producers, which must continue to exist widely throughout all of the cotton-producing States, if it is to be

expected that the producers will maximize their use of the tool for self-financing which this measure would make available to them.

The Grange has always urged that there be some sharing by industry in the responsibility for the promoting of the use of agricultural products.

We note with approval the report of the Cotton Council International that countries accounting for over one-half of the free world's exports to Europe and Japan have taken steps toward putting up a dollar a bale to finance international market development for cotton.

We also noted with a great deal of approval that the industry was assuring the producers that they were willing to make a maximum contribution toward matching these funds.

The director of the council's sales promotion division said:

> Almost unbelievable amount of cooperation is available to cotton—from retailers, chains, garment manufacturers, and mills—if industry will provide program and funds to attract it (release from National Cotton Council).

The Grange would urge that the industry allocate sufficient funds to match the promotional effort of farmers so that the full burden for promotion does not fall on those least able to bear it.

Senator HOLLAND. Mr. Graham, I noted with interest and approval your statement that the industry was preparing to match these funds. From what source do you get that information?

Mr. GRAHAM. This release from the National Cotton Council, and also from statements that were made during the House hearings.

Senator HOLLAND. You understand that such statements will be repeated here?

Mr. GRAHAM. Yes.

Senator HOLLAND. When you say the industry is willing to match it, what elements in the industry do you refer to?

Mr. GRAHAM. I don't know that I remember exactly who made these statements in the House. I think this will come out very easily in the testimony, but there were a number of people that were testifying there, and there will be a number of them here. They are perfectly able to state this themselves.

Senator HOLLAND. And the other elements in the industry are not producer elements.

Mr. GRAHAM. Yes.

Senator HOLLAND. Thank you.

Mr. GRAHAM. We would also warn the total industry, we mean both producers and the handlers, that this program does not offer an immediate panacea for all the ills of the cotton industry, and that their position urging further expansion of production is not only unrealistic but almost irresponsible in the light of production trends in the United States and the rest of the world, carryover stocks, and the level of the market price available to producers.

Senator HOLLAND. You speak as if some element in the industry has been requesting further expansion of production.

Mr. GRAHAM. Yes.

Senator HOLLAND. Who is doing that?

Mr. GRAHAM. There have been some statements made that if this kind of a program could be adopted, and again I don't remember those exactly—I can document this for you if you want me to——

Senator HOLLAND. I wish you would.

Mr. GRAHAM. I will have to go back to the hearing record from the House. It isn't available yet.

Senator HOLLAND. I didn't know there was any effort underway to expand production.

Mr. GRAHAM. There have been some statements made to the point that if we had a proper promotional program, that we wouldn't have to worry about any controls, which we just don't believe is realistic at the present time. I don't have the statements available yet from the House.

Senator HOLLAND. Until there is something like total use of the amount produced, your statement is certainly sound. It is unrealistic to talk about expanding so long as the stockpiles in the Government's hands have been increasing so rapidly. If there is a reverse trend, that would be the time to talk about expanding production.

Mr. GRAHAM. This is the whole point, but this 15-million-bale carryover doesn't encourage us that anybody is going to expand acreage very quickly with any ready market for that expansion.

The function of the cotton program is not to furnish price-depressing surpluses to domestic and foreign mills, but rather to create an orderly and balanced price-market situation in which market factors can function on a more normal and orderly basis.

The Grange support for the legislation before this committee is strong and vigorous, but not unequivocal. If it is not continued as a part of a total program to bring cotton production into balance with market demand, then it can become another way of removing money from producer's pockets to benefit the rest of the industry. If it is made a part of the total cotton program, and if as it should be, it is matched by industry contributions, then it can make a substantial contribution toward the longtime solution to the vexing and persistent cotton problem.

The Grange, therefore, urges favorable action on this proposed legislation by this committee and by the Congress.

Senator HOLLAND. I thank you for your statement.

Now if I may put in the record my understanding of the conditions behind the Grange's approval of the program, there are two. First, that this new program will be part of a total program to bring cotton production into balance with market demands.

Mr. GRAHAM. Right, we don't consider this as a substitute.

Senator HOLLAND. And second, that the amount of this program in dollars should be matched by industry contributions.

Mr. GRAHAM. That is correct.

Senator HOLLAND. Thank you very much.

Mr. GRAHAM. Thank you, sir.

Senator HOLLAND. Senator Jordan?

Senator JORDAN. No questions.

Thank you for your statement.

Senator HOLLAND. The next witnesses are Mr. G. C. Cortright, chairman of the board and Mr. William Rhea Blake, executive vice president of the National Cotton Council.

Mr. Cortright and Mr. Blake, will you come forward.

We are glad to have you gentlemen. I see you have some other associates with you?

STATEMENT OF G. C. CORTRIGHT, JR., CHAIRMAN OF THE BOARD, NATIONAL COTTON COUNCIL, ROLLING FORK, MISS.

Mr. CORTRIGHT. Mr. Banks Young, Mr. Albert Russell, Mr. George Buck.

Senator HOLLAND. They will be available?

Mr. CORTRIGHT. Yes, sir; and on our promotion questions Mr. Ed Lipscomb to answer.

Senator HOLLAND. All right, thank you, sir.

Mr. CORTRIGHT. Mr. Chairman, my name is G. C. Cortright, Jr., a cotton farmer of Rolling Fork, Miss.; a member of the board of trustees of the Cotton Producers Institute; and board chairman of the National Cotton Council. I am here to support H.R. 12322. I speak for myself and for thousands of other cotton farmers who have endorsed this self-help approach toward financing a fully adequate program of cotton research and promotion.

When our bill was before the House its opponents raised some questions which generated quite a bit of confusion and controversy. So, in the course of my testimony today, I intend to discuss fully and frankly each of the main questions that arose as the bill moved through the House. I hope and believe you will agree on the merit of the position taken by the bill's supporters on each of these argumentative questions.

Senator HOLLAND. I certainly approve of your willingness to come to grips with the controversial matters and to deal with them frankly. That is what I think this hearing should do.

Mr. CORTRIGHT. First however I would like to get before you the essential facts about what is happening to cotton's markets; facts which are not in dispute; facts which are not subject to controversy; facts which show, beyond any question, the urgent necessity for cotton to compete in research and promotion. To give you these facts, I call on Rhea Blake, executive vice president of the National Cotton Council.

Senator HOLLAND. All right, Mr. Blake.

STATEMENT OF WILLIAM RHEA BLAKE, EXECUTIVE VICE PRESIDENT, NATIONAL COTTON COUNCIL, MEMPHIS, TENN.

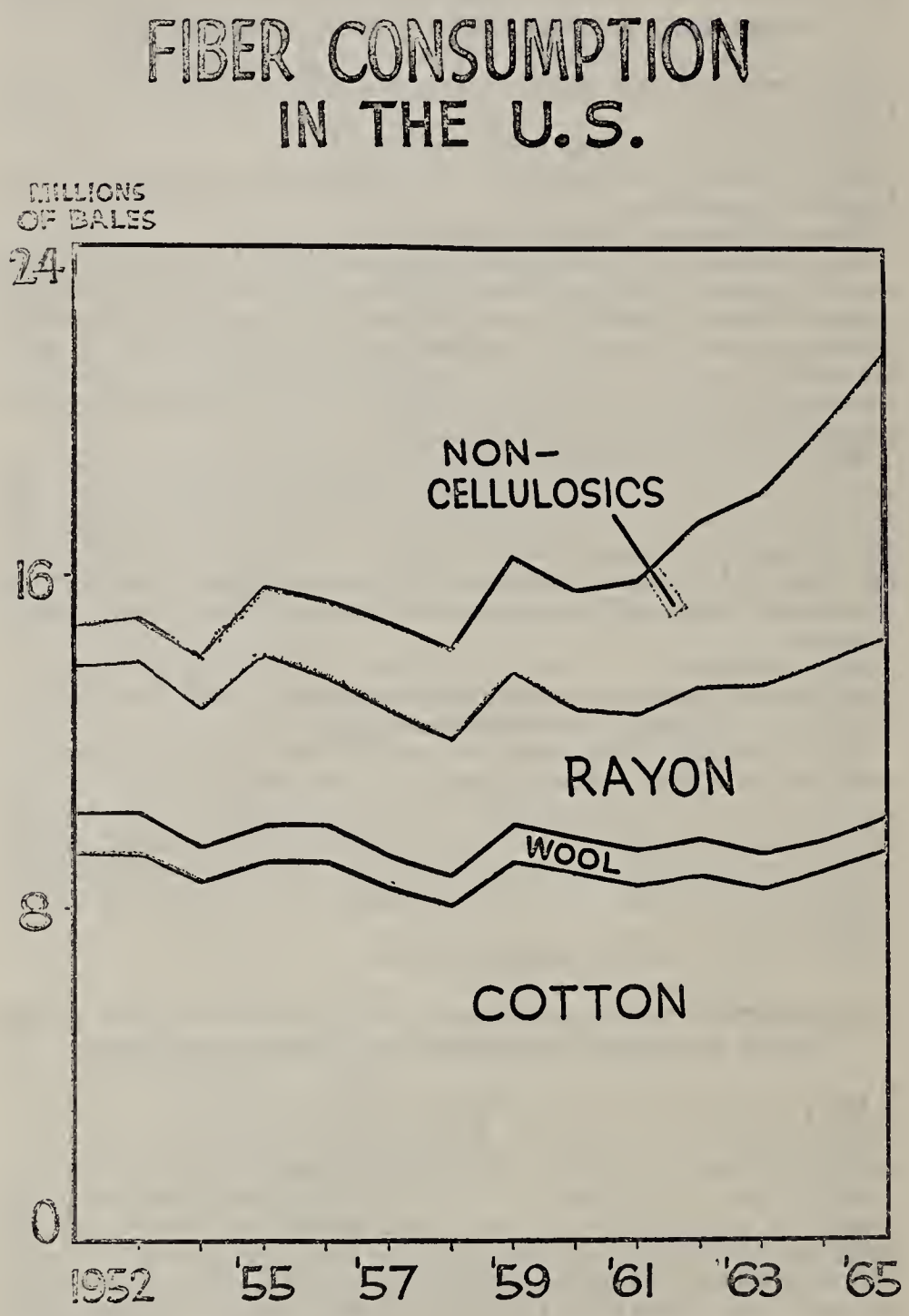
Mr. BLAKE. Mr. Chairman, we have some charts here.

Senator HOLLAND. All right, Mr. Blake, we are glad to have you and are glad to have your charts. Proceed as you wish.

Mr. BLAKE. Thank you, sir. Mr. Chairman and members of the committee, as we said, we do have here a few charts that we think will show you quickly just what is happening to cotton's markets and why it is happening. First let's look at the record of fiber consumption in the United States since the Korean war. We have it plotted here on this chart annually in terms of cotton bale equivalents. This means simply that these other fibers have been reduced to cotton bale equivalents so that you get an accurate comparison.

(The chart is as follows:)

EXHIBIT 1



Mr. BLAKE. First notice how the total consumption for the market for all fibers taken as a whole has increased, and particularly in the latter part of this 13-year period. It went up actually from about 14 million bales in 1958 to better than 21 million bales this past year.

Well now let's look at how the individual farmers have shared in this market. Cotton, as you can see, has had its ups and downs. But thanks to the gain that it made in the past 2 years, we are now back up to about where we were at the beginning of the period. Wool, there has been very little change. Rayon has had its ups and downs very much like cotton. Back here in this period from 1960 to about 1963, when cotton was losing, rayon gained 1 million bales on us, but those gains have been flattened out in the past 2 years since cotton has started back on the upswing again.

But of course the big gainer in this whole fiber market has been this band of fibers shown here in red that we call the noncellulosics. That includes such things as nylon and such brand name fibers as dacron, orlon, acrilan, fortrel, kodel, and so forth. Actually, gentlemen, these fibers now have a market in the United States equal to nearly 7 million bales of cotton and mind you, they have gained over 2 million bales of that in the last 2 years. Their gains consist mainly of competitive losses by cotton.

Now on this next chart here we have some of these recent competitive changes a little more precisely. Here we are just talking about fiber consumption on the cotton-spinning system, on cotton spindles. It is here of course that practically all the cotton is used, and a great deal of the rayon and noncellulosic fiber is spun into yarn right on these same cotton spindles, and it is here of course that cotton meets its most direct and immediate competition from the manmade fibers.

(The exhibit is as follows:)

EXHIBIT 2

Consumption on cotton spindles

[In percent]

	Cotton	Rayon	Non-cellulosics
1960 (1st quarter)	88.6	8.4	3.0
1964 (1st quarter)	79.0	13.8	7.2
1965 (4th quarter)	77.2	12.1	10.7

Mr. BLAKE. Reading across, we have the percentage of the consumption held by each of these three categories of fiber in each of three particularly significant calendar quarters which we will see more about in just a minute. Reading down, you see the changes that have taken place as between these quarters.

Rayon was gaining on us tremendously here in this period, going from 8.4 to 13.8 percent of the consumption in this 4-year period from the first quarter of 1960 to the first quarter of 1964. But then the price of cotton came down in the first quarter of 1964, and rayon's gains stopped and actually it was pushed back to a small part of the market, to 12.1 percent by the end of the fourth quarter of 1965.

This other class of fibers, though, the noncellulosics, that had been gaining on cotton before, went right on gaining after the price of cotton came down. Their gains were so great, in fact, that despite these successes that we had against rayon, cotton was actually shoved back to a smaller part of the market by the end of last year.

Now the key to understanding the why of this situation is that rayon gives cotton its main price competition, whereas these other

fibers, the noncellulosics, depend on something other than price to take business away from us. The price of rayon is about 25 cents a pound delivered to the mill. The price of cotton was reduced from around 33 cents back here in the first quarter of 1964 to a little less than 24 cents in the fourth quarter of 1965, and that of course accounts for this checking of rayon's gains and in the rollback that took place that you see here in these figures. But these fibers, these noncellulosic fibers, sell for three to four times the price of cotton.

Orlon, for example, is 80 cents a pound, dacron 84 cents a pound, nylon 88 cents a pound, and yet they are the ones that keep right on gaining on us.

Why?

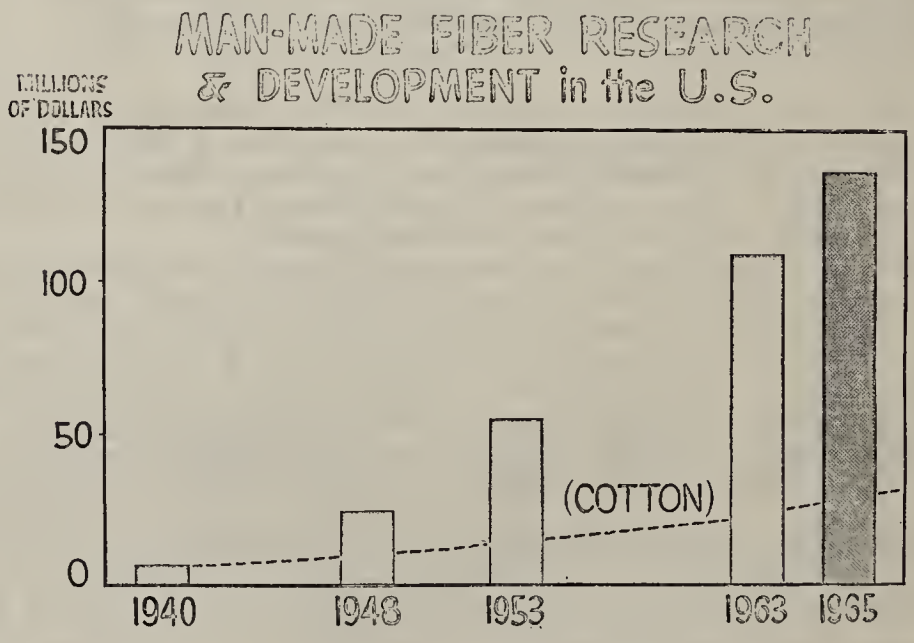
Certainly it is not because of failure to meet price competition that we are still having so much trouble from this category of fibers. What is the answer then? Well, we have one of the big answers——

Senator HOLLAND. Let me at this point state, Mr. Reporter, I want all of these charts to appear in the record as shown here so that they can be more easily interpreted in connection with Mr. Blake's testimony, unless there is objection.

Mr. BLAKE. Mr. Chairman, we have attached to my little statement a Xeroxed copy of the charts as well. Now why are these noncellulosics gaining despite the fact that we have become much more competitive in price? One of the big answers as I said is right here on this chart, and it shows the amount of money invested in manmade fiber research and development in the United States since 1940. Most of this research has been on the noncellulosic fiber. These solid bars here in red are estimates that were published by the Chemstrand Corp., as Mr. Girard testified earlier, and Chemstrand is, of course, one of the biggest synthetic fiber producers. This last bar, 1965, is an estimate arrived at from several sources on a very conservative basis.

(The chart is as follows:)

EXHIBIT 3



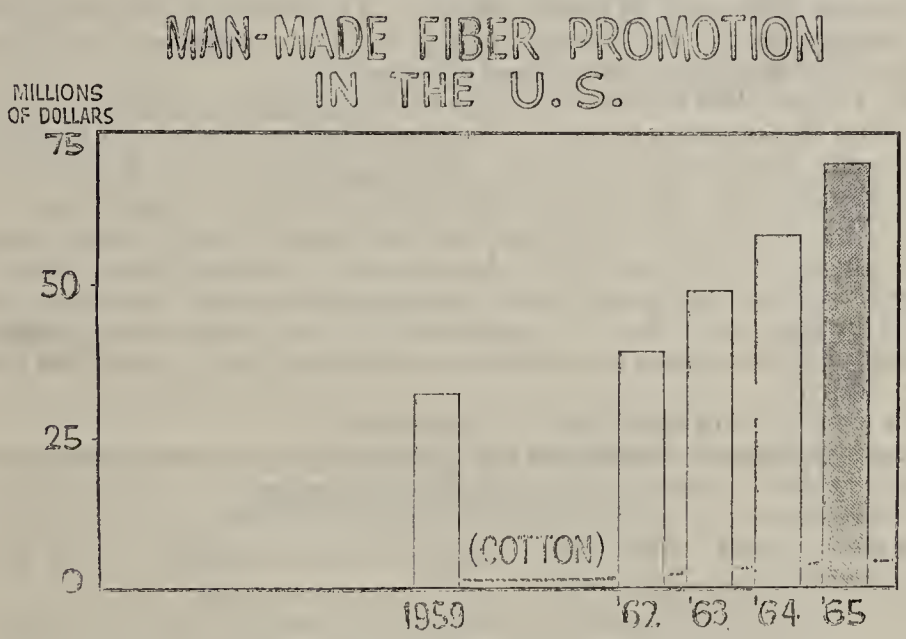
Mr. BLAKE. You notice first of all the rate of growth that has occurred in manmade fiber research going from around $6 million here in 1940 up to $135 million this past year. Cotton research by comparison, which is shown here in this dotted green line, was about at the same level back in 1940, and most of that, Mr. Chairman, was on production problems, and mind you, that was at the time when cotton had a virtual monopoly in all of its markets.

Now over the years we have all worked together to try to build this cotton research program, and the progress that has been made has been most gratifying. Actually the total amount spent in this past year from all sources, both public and private, on cotton research, reached the level of $26½ million. Now that is a lot of money, and it represents tremendous progress, as I said, but as you can readily see, it is not enough to keep us in the running with this big ground swell of competition in research that has developed since the end of World War II. Actually today the odds against cotton in research are better than 5 to 1.

Now let's look at the second answer to the question of why these noncellulosics are gaining as they are. Here we have expenditures for manmade fiber promotion in the United States by the producers of those fibers. The estimates incidentally are from the same sources, and you note that these figures begin more recently in 1959. You see how they have risen so sharply. Last year an estimated $70 million was spent for manmade fiber promotion by the producers of manmade fibers.

(The chart is as follows:)

EXHIBIT 4



Now with the scale that we are using here, our level of cotton promotion hadly shows on this chart. Actually back in 1959 it was a little less than $1.5 million a year. We have gradually built it up until last year we reached the level of $4 million, and this was almost

entirely the work of the Cotton Producers Institute and the National Cotton Council.

But again the odds are heavily against us; $70 million spent to promote cotton's competition, $4 million spent to promote cotton by the producers of the fiber. The odds here are better than 17 to 1 against cotton.

Senator HOLLAND. May I ask a question.

Mr. BLAKE. Yes, sir.

Senator HOLLAND. You first chart on this was for the noncellulosic manmade fibers. This seems to be for all manmade fibers.

Mr. BLAKE. No sir, this is for all manmade fibers on research and on promotion, but as I said, most of the research expenditures have been for the noncellulosic fibers, and the same is true, Senator, with regard to promotion. Most of this promotion money is being spent by the noncellulosics rather than rayon and acetate.

Senator HOLLAND. Do you have the figures showing what has been spent in those two classifications by the cellulosic fiber producers?

Mr. BLAKE. No sir, we do not have that. As a matter of fact, I thing it was just last year that Chemstrand published these figures. It was extremely helpful to us. We had not had access to the information of what was acutally happening in our competitors operations until that time. They served as a basis for helping us get this estimate on this last year. But I can assure you that these figures are very conservative.

In both the research and promotion.

Senator HOLLAND. The point of my question is of course that it is the rayon that is most nearly competitive in price.

Mr. BLAKE. That is right.

Senator HOLLAND. With the cotton. If you could get the figures for promotion and for research of the rayons to compare with cotton, I think that would be a very direct comparison.

Mr. BLAKE. We will try, sir, to get the very best figures we can, and get them in to you, whatever we can get, before the record is closed.

Senator HOLLAND. All right. You understand that it is hard to feel that there is any direct competition between a product that costs around 25 cents a pound and a product that costs 80 to 88 cents a pound, in promotion of the use of this latter group of noncellulosic fibers is something that may or may not directly affect cotton, but there is no doubt in the world that the promotion of rayon does directly affect cotton. I think if you can obtain those figures, that it would be very, very helpful.

We would like to have them for the record.

Senator JORDAN. One thing we have to take into consideration, of course, is that it doesn't make any difference what a dress is made out of, whatever it is it is a pound of something. If they go to nylon that costs $2 a pound. They didn't want a pound of cotton at any price because they just didn't use it.

It is the promotion and the design and a great many things that enter into these products. Cotton has held its own as well as it has by the development that has taken place in your drip dries and other things, but they are in combination now with these manmade fibers, and all of them are the noncellulosic products.

This shirt I have on, I am ashamed to tell you, is 65 percent dacron and 35 percent cotton.

Mr. BLAKE. I didn't think you would do it, Senator.

Senator JORDAN. Well, it was a gift. You can't look a gift horse in the mouth, you know.

Senator HOLLAND. You didn't know how expensive a shirt my friend from North Carolina is wearing.

Senator JORDAN. $2.50 or $3, it is as cheap as any shirt today.

Mr. BLAKE. What has just been said here is very important Senator. That is if they buy a shirt made of something other than cotton because somebody has sold them on the idea that it is new or it is better, or that it will do something special, it has replaced that much cotton. It doesn't make any difference what the price of the fiber is. That is the point Senator Jordan made and it is a very significant point. We are in an unusual situation. It is very unusual for a product that sells for three or four times the price of cotton can be the kind of competition to cotton that it is. But this is what is making this problem, and it is this massive attack here in the areas of research and promotion that is doing it. That is the key to this whole business.

Senator HOLLAND. Let me ask you one more question.

Mr. BLAKE. Yes, sir.

Senator HOLLAND. Does the graph you have shown or the several graphs you have shown for cotton expenditures relates soley to upland cotton.

Mr. BLAKE. Yes, sir.

Senator HOLLAND. Or does it include the longer staples?

Mr. BLAKE. No sir, this is entirely on upland cotton. The long staple cotton producers, as you know, have an excellent promotion program of their own, and we have worked with them very closely in the National Cotton Council. This is called the Supima program.

Senator HOLLAND. What is your reason for not including it, just as you show the manmade fibers?

Mr. BLAKE. The growers that grow pima, Senator, also grow upland. They have two separate allotments in almost every case, and we don't consider them as competitors. I mean the cotton council's job is to promote cotton, regardless of whether it is an extra-long staple or whether it is upland. But they are classified as separate in the law as you know. They are treated differently in the cotton programs, and they are not a part of this picture that we are trying to show you here, which is the upland product. The upland production is so much bigger, 15 million bales compared to how much?

STATEMENT OF J. BANKS YOUNG, WASHINGTON REPRESENTATIVE, NATIONAL COTTON COUNCIL

Mr. YOUNG. 75,000 to 90,000 a year.

Mr. BLAKE. Banks says the Government figures may include research on extra-long staple, but it is such a small part of the total, less than 100,000 bales of extra-long staple compared to 15 million of the other that I don't think it really would affect the picture materially one way or the other.

Senator HOLLAND. I agree with you so far as the volume is concerned, but I wondered if the promotion picture shouldn't be shown

because they of course are competitive. For instance, when we go into a haberdashery shop they offer us a so-called
happen to be wearing one, and they charge $2 more for this shirt than for a comparable shirt which was made either of all cotton or cotton-rayon.

So it seems to me that it might be well to show for the record the sales promotion program of long staple cotton. I understand that that includes not only the production of the United States, most of it is produced in the West, and it also includes some imports in that field. Am I correct?

Mr. BLAKE. No, sir. The figures for the promotion program are based entirely on U.S. produced extra-long staple cotton. We will get those and put them in the record.

Senator HOLLAND. The figures for your promotion plan?

Mr. BLAKE. That is right. There is no promotion on imported extra-long staple.

Senator HOLLAND. But what about the amount of imported extra long to add to the local in that regard.

Mr. BLAKE. Banks, do you recall the figures in that regard?

Senator HOLLAND. To be an additional factor in competition for public approval.

Mr. YOUNG. It certainly will, Senator. Currently slightly more than half of the extra-long staple cotton that is being consumed in the United States is imported, and it is a very important competitive factor, as I am sure Senator Jordan will agree. That cotton almost always sells for less than U.S. cotton, and they preempt the full import quota from the American producer, because they shave underneath the American price and bring in the full quota.

Senator JORDAN. About 90,000 bales a year.

Senator HOLLAND. Is this mostly from Peru?

Mr. YOUNG. The largest amount comes from Egypt, the next largest Sudan, and then Peru I think is third although I am not sure about Sudan and Peru. I am sure about the Egyptian.

Senator HOLLAND. Will you show those figures for the record?

(The information referred to follows:)

Extra-long staple cotton imports in United States

From—	*Bales*[1]
Egypt	69,431
Peru	12,988
Sudan	153

[1] Each bale 480 pounds net weight.

PROMOTION EXPENSES FOR U.S. GROWN EXTRA LONG STAPLE COTTON

The SuPima Association of America states that it is spending approximately $150,000 a year to promote the consumption of SuPima cotton (extra-long staple cotton grown in southwestern part of United States).

Senator JORDAN. The very thing you said a minute ago about the difference in the price of the Pima shirt, that is the trade name for it. They have done a good job promoting pima cotton.

Mr. BLAKE. Yes.

Senator JORDAN. Whereas they charge you about $2 more, there is about 15 cents more cotton in it. The advertising and promotion they have done in selling that name, which is a good product, has made the difference.

Mr. BLAKE. Sure.

Senator JORDAN. That is the reason they get $2 more a shirt.

Mr. BLAKE. That is the same thing on almost all the merchandise that is sold in America.

Senator JORDAN. That is right. That is about the difference.

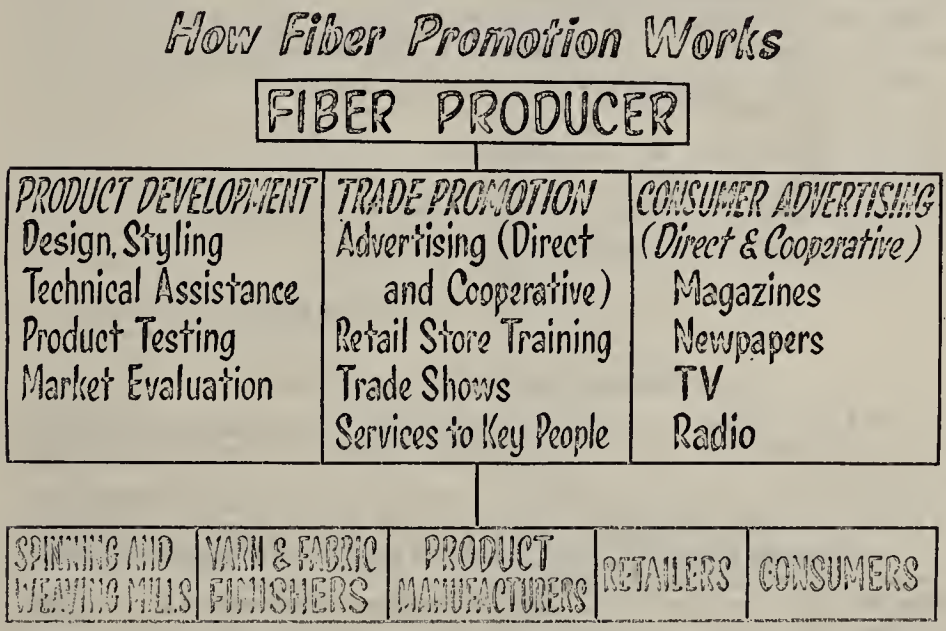
Mr. BLAKE. Shall I proceed, sir?

Senator HOLLAND. Yes.

Mr. BLAKE. Next let's take a look at this brief outline of how fiber promotion works. Of course, the man that has to carry the ball in fiber promotion is the man that produces the fiber, and this is true no matter what kind of fiber it is. Here are the tools and techniques that these fiber producers use in order to get the groups of people represented here in these blocks across the bottom of this chart to use their fiber and the products made from them. I am not going to go into detail as to all of the things that the fiber producer does in each of these areas of product development, trade promotion, consumer advertising, to sell their fibers to the spinning and weaving mills, to the yarn and fabric finishers, to the product manufacturers, to the retail stores, and to the ultimate consumers, but I do want to give you just three examples.

(The chart is as follows:)

EXHIBIT 5



Mr. BLAKE. First of all, here is a pair of denim trousers. Now in the past these have been made 100 percent of cotton. It has been a real important market. But not long ago a producer of polyester fiber that we will call fiber X decided he was going to invade this particular market. Mr. Chairman, this is an actual case but we got part of our information in confidence and I am not at liberty to call the names of the companies involved.

The producer of fiber X first put his product development people to work to develop a new kind of denim made 50 percent of fiber X

and 50 percent of cotton instead of all cotton as had been the case formerly. He then takes this new denim to one of the largest mills in the country that makes denim, and interested them in making the fabric. They then called in one of the leading garment manufacturers that make denim trousers. At this point the fiber producer in this particular case put up $125,000 for the mill and the garment manufacturer to spend in advertising this one product that you see right here.

Of course the advertising on that product was multiplied several times over by the cooperative advertising that the mill then did, and then that the garment manufacturer did, the man that made the trousers, and that the retail store did. Now this is an illustration of a situation that actually happened. The product, Senator, is on the market cutting into cotton consumption, and here are the trousers. They were bought in New York this past week. Now remember this is just one brand of one product, and there are literally hundreds of different end use markets for cotton.

Now the second example is the practice of the fiber producers going directly to the retail stores and offering to pay half of the cost of any ad that that store runs featuring products made out of its fiber. This is obviously a very effective way to build retail demand and consumer demand for any particular fiber, and at the same time put a lot of pressure on these mills and these garment manufacturers to use those particular fibers in making their goods. But of course it is something that costs an awful lot of money.

Here are the announcements of two such advertising offers that were made by polyester fiber producers for the 1965 spring season.

Senator HOLLAND. Is this to be confidential?

Mr. BLAKE. No.

Senator HOLLAND. For the record?

Mr. BLAKE. Yes, sir.

Senator HOLLAND. They will be placed in the record.

(The documents referred to follow:)

E. I. DU PONT DE NEMOURS & CO., INC.,
New York, N.Y., November 17, 1964.

ATTENTION: DRESS MANUFACTURERS

Du Pont announces a major new spring 1965 promotional opportunity for dresses of consumer-accepted 65 percent Dacron polyester blended with 35 percent cotton or rayon.

Fifty-four major department stores in 47 top markets plan to participate in this major promotion during the weeks of March 7 to 13, April 4 to 10, and May 2 to 7. (Alternate promotion dates permitted only in cites where more than one store participates in the promotion.)

Here are the rules that the 54 department stores will follow to participate in the promotion:

1. Each store may run up to 4,800 lines of daily newspaper, ROP co-op during each of the 3 promotion weeks.

2. Dress manufacturers will be credited in these retail store ads. A maximum of 1,200 lines may be devoted by each store to any one manufacturer during the entire promotion.

3. Dacron must be mentioned in the headline or subhead of each ad. Only dresses with 65 percent Dacron in the blend are eligible. This blend will be credited in each ad. The trademark, Dacron polyester, must be protected.

4. Du Pont will pay the 54 promotion stores up to 50 percent of each store's vendor rate for daily newspaper, black and white, ROP ads, excluding tabloid, meeting the above specifications.

Plan to tie-in with this big spring promotion by offering the promotion stores, and all your retail customers, a big selection of styles, fabrics, textures, and colors in consumer-accepted 65 percent Dacron and 35 percent cotton or rayon.

Store list for the spring 1965 dresswear program 65 percent "Dacron" blended with 35 percent cotton or rayon

City:	*Store*
Akron	M. O'Neill Co.
Atlanta	Rich's.
Baltimore	Hecht Co.
Birmingham	Pizitz.
Boston	Jordan Marsh.
Buffalo	Adam, Meldrum & Anderson.
Charlotte	Ivey's
Chicago	Marshall Field, Carson, Pirie, Scott.
Cincinnati	John H. Shillito.
Cleveland	May Co., Higbee Co.
Columbus	F. & R. Lazarus.
Dallas	Sanger-Harris.
Dayton	Rike's.
Denver	May D. & F.
Des Moines	Younker's.
Detroit	J. L. Hudson.
Fort Worth	Leonard Bros.
Hartford	G. Fox & Co.
Houston	Foley's.
Indianapolis	L. S. Ayres.
Jacksonville	Cohen Bros.
Kansas City	Macy's.
Los Angeles	The Broadway, May Co.
Louisville	Stewart's Dry Goods Co.
Memphis	Goldsmith's.
Miami	Burdine's.
Milwaukee	Gimbel's-Schuster's.
Minneapolis	Dayton's.
Nashville	Cain-Sloan Co.
New Orleans	Maison-Blanche.
New York	Macy's.
Omaha	Brandeis.
Philadelphia	John Wanamaker.
	Gimbel's.
Pittsburgh	Joseph Horne.
	Kaufmann's.
Portland	Meier & Frank.
Richmond	Thalheimer's.
Rochester	Sibley's.
Salt Lake City	ZCMI.
San Antonio	Joske's.
San Francisco	Macy's.
Seattle	Bon Marche.
St. Louis	Famous Barr.
	Stix, Baer & Fuller.
Tampa	Maas Bros.
Toledo	LaSalle's.
Tulsa	Vandever's.
Washington	Woodward & Lothrop.
	Hecht Co.
Youngstown	Strauss-Hirshberg.

Promotion periods for all stores are March 7–13, April 4–10, and May 2–7 with the following exceptions only:
Carson, Pirie, Scott, Chicago: April 4–10, May 2–7, June 6–12.
J. L. Hudson, Detroit: March 7–13, April 4–10, May 2–7.
The Broadway, Los Angeles: March14–20, March 28–April 3, April 18–24.
Famous Barr, St. Louis: February 21–27, March 21–27, April 18–24.
Horne's, Pittsburgh: February 28–March 6, March 28–April 3, April 25–May 1.

APPAREL

WOMEN'S AND CHILDREN'S WEAR
Effective January 15 to February 15,
and March 15 to May 15, 1965

EASTMAN COOPERATIVE ADVERTISING PLAN

SPRING 1965
offered to retail stores on a national basis, to help promote apparel made with KODEL*

KODEL®
POLYESTER FIBER

†merchandise categories:

WOMEN'S WEAR
Dresses
Sportswear
Separates
Suits & Coats
Blouses & Shirts
Lingerie
Loungewear
Robes
Rainwear
Sweaters

CHILDREN'S WEAR
Dresses
Sportswear
Lingerie
Loungewear
Robes
Sweaters

Garments bearing the above Eastman Certified Fabric Tag are made with fabrics that are certified to meet or exceed Eastman textile quality standards.

†These are the only categories in Women's and Children's wear eligible for cooperative advertising. Merchandise containing KODEL® polyester fiberfill is not included in this plan.

EASTMAN CHEMICAL PRODUCTS, INC. • 260 MADISON AVENUE, NEW YORK 16, N. Y.
Subsidiary of Eastman Kodak Company
*Eastman registered trademark

Cooperative Advertising Offer to All Retailers

Eastman will share your net retail advertising cost on women's and children's apparel (in the categories listed on the front cover) made with Kodel* polyester fiber on a 50/50 basis, subject to the terms and conditions on the facing page:

Eastman retail representatives are located in major cities. For merchandise information or help with special promotions, in-store sales training, sales aids and display, contact Retail Promotions Department, Eastman Chemical Products, Inc., New York, N.Y.

*Eastman registered trademark.

1. Eligible period

This offer covers advertising appearing during the period from January 15 to February 15 and March 15 to May 15, 1965 only.

2. Qualified advertising

This offer applies only to R.O.P. black and white advertising run in English language, general circulation, daily and Sunday newspapers that are members of the Audit Bureau of Circulations. If color advertising is used, either R.O.P. or rotogravure, the reimbursement figure will be based on one-half (½) the net advertising R.O.P. black and white newspaper rate. In addition, each advertising must—

(*a*) Be devoted exclusively to merchandise made with Kodel* polyester fiber;

(*b*) Illustrate the merchandise;

(*c*) Avoid characterizing the offer as "sale," "reduced," "special," etc.;

(*d*) Feature the Eastman trademark Kodel* in the main headline, subheadline, or type equivalent in size to the main headline or subheadline, and use it as provided below:

3. Proper trademark usage

In addition to such use as required for proper adherence to the Textile Fiber Products Identification Act, the trademark Kodel* must be used in one of the following ways in qualified advertising:

(*a*) Kodel polyester fiber.

(*b*) Kodel.
polyester fiber.

(*c*) Kodel* polyester fiber (with footnote): *Eastman registered trademark.

(*d*) Feature the Eastman certified fabric tag (shown on cover) in your ad, no smaller than 1½ inches by 1 inch. Reproduction proofs are on back cover (This is the only way in which the Kodak name may be included in your advertising.)

4. Qualified merchandise

Advertised merchandise must qualify for the Eastman certified fabric tag. Look for the tag when you buy.

5. Amount of reimbursement

For qualified advertising, Eastman will pay one-half of the retailers' net advertising cost of each brand, in each category, made with Kodel, up to one-half the net advertising cost of 1,800 lines per brand in each category for the spring season. For example, if you sell three brands of dresses made with Kodel, we will share in the cost of up to 1,800 lines on each for a possible total of 5,400 lines. Or, if you sell two brands of dresses, one of blouses and one of lingerie each made with Kodel, we will share in the cost of up to 1,800 lines on each for a possible total of 7,200 lines. (Please see point No. 2. Reimbursement for advertising other than R.O.P. black and white will be paid at R.O.P. black and white rates.)

6. How you get paid

To help speed payment of your invoices and give us both assurance that we are meeting the requirements of the law, we have engaged the services of the Advertising Checking Bureau, Inc. Send tearsheets of your ads accompanied by invoices showing the name of the manufacturer, newspaper, date of ad, size of ad, rate, and total cost of 50 percent to the Advertising Checking Bureau, Inc., Box 330, GPO, New York, N.Y.

Do not make deductions from the merchandise invoice of the resources whose products you feature. You will be paid at the earliest possible date.

Senator HOLLAND. What is Kodel manufactured from?

Mr. BLAKE. Polyester fiber, made by Eastman.

Senator HOLLAND. That is petroleum base?

Mr. BLAKE. Yes.

*Eastman registered trademark.

Senator HOLLAND. Now anything that has any substantial content of——

Mr. BLAKE. Kodel is the name, sir, is the trade name, the Eastman brand name for its polyester fiber.

Senator HOLLAND. I understand. Any product that bears a substantial portion of Kodel fabric in the manufacturing cost must have a price higher than if it is manufactured from wholly cotton or from cotton and rayon, must it not?

Mr. BLAKE. Well, it doesn't necessarily follow that that happens, Senator. It should. Logically it should.

Senator HOLLAND. What is the price of a pound of Kodel?

Mr. BLAKE. Well, I don't know exactly, but Kodel is comparable to Dacron, and Dacron is 84 cents. That is Du Pont's polyester fiber and is the other one referred to here.

Senator HOLLAND. In other words, we can say safely that the cost of that is substantially three or more than three times as much per pound.

Mr. BLAKE. That is right.

Senator HOLLAND. As the cost of the upland cotton.

Mr. BLAKE. But you can see the powerful impact. When you go out to a retailer and say "you buy products made out of our fiber and we will pay half your newspaper advertising costs," and you know what that means to these stores. That is a powerful sales influence. It is powerful but it costs a lot of money.

Now I have got just one more example. This one is something that I think will give you some idea of the scope and intensity of the synthetic fiber challenge in promotion. We have got here a magazine, Seventeen, the February 1966 issue of Seventeen magazine.

There are 64 ads in this magazine that identify fibers. Four of them identify wool. Nine of them identify cotton, and incidentally three of those nine are paid for by the Cotton Producers Institute and two of the others were the result of CPI work.

But all the remaining 51 out of the 64 fiber ads, feature manmade fiber. We have put these ads together here in an accordion form so you can see them quickly. Here they are.

Senator JORDAN. Is that out of one magazine?

Mr. BLAKE. Yes, sir. Here in this one issue of one magazine. We see how great the promotional weapon of the synthetic fiber producers really is.

Senator HOLLAND. That is high-powered competition.

Mr. BLAKE. It sure is. And gentlemen, there is no secret about how all this is done. Cotton can do it, too. In fact, cotton is doing every one of these things that we have got the money to do with the limited resources that we are now working with. The great big problem is how do you get enough money to do all of these things on a big enough scale to meet this massive competition that we are up against.

The few giant industrial corporations that are cotton's competitors simply don't have much of a problem in allocating vast sums of money for whatever product development and research that they feel like they need.

Senator JORDAN. One thing that a great many people don't realize and don't understand is that Du Pont and Chemstrand and Eastman, for example, price their new fibers at a price to sell, including 25 or 30 cents a pound for promotion. They put it in there and they get it.

Mr. BLAKE. Sure.

Senator JORDAN. So they don't have to worry about it. It is in there.

Mr. BLAKE. The consumers are paying for it or they wouldn't be doing it.

Senator JORDAN. Of course the consumer is paying for it. It is priced in the product.

Mr. BLAKE. That is right.

Senator JORDAN. They don't get it out of the air someplace.

Mr. BLAKE. That is right.

Senator JORDAN. It is in there.

Mr. BLAKE. Just look at this chart here that shows the percentage of synthetic production of these three named types of noncellulosic fibers, the polyesters, the accrylics, and the nylons that are represented in this small group of companies.

One company, Du Pont, produces approximately 62 percent of the polyesters, 54 percent of the accrylics, 45 percent of the nylon. Five of these companies produce all of the polyesters. Four of them produce 93 percent of the accrylics, five produce 90 percent of the nylons.

(The exhibit is as follows:)

EXHIBIT 6

Percentage of synthetic production, 1965

[In percent]

	Polyester	Acrylic	Nylon
DuPont	62	54	45
Chemstrand		26	25
Celanese	16		3
Eastman	8	6	
Allied Chemical			11
Beaunit	9		
American Cyanamid		7	
American Enka	5		6
Total	100	93	90

Senator HOLLAND. Who owns the basic patents of polyester?

Mr. BLAKE. I don't know, Senator. George Buck may know. Do you know, George?

STATEMENT OF GEORGE BUCK, DIRECTOR OF RESEARCH, NATIONAL COTTON COUNCIL, MEMPHIS, TENN.

Mr. BUCK. Imperial Chemical Industries in England took out the first patents but I believe they have an agreement with Du Pont and I am sure that many American companies now have patents covering various aspects of its production.

Senator HOLLAND. The reason I asked that question is this.

I understood when Chemstrand came to our State that it had to secure a license to use basic patents for the production of its fabric that it produces near Pensacola.

Mr. BUCK. I believe that was nylon production, Senator.

Senator HOLLAND. It was nylon production, and I was going to ask the question with reference to the basic patents of nylon.

Mr. BLAKE. The basic patents for nylon have been held by Du Pont.

Senator HOLLAND. That was my understanding. Then these other producers produce under licenses granted by the owner of the basic patent, Du Pont; is that it?

Mr. BUCK. I think that is true. There are exceptions. As a matter of fact, I think the basic nylon patent may have run out. Now there are a great many process patents, and there are some different types of nylon now in production, nylon 6, for example. There is a whole family of patents and they are not all locked up by Du Pont now.

Mr. BLAKE. Mr. Chairman, I want to make it perfectly clear that there is no criticism of these fine companies implied by what I am saying at all.

Senator HOLLAND. I understand completely. You are just talking about rough competition.

Mr. BLAKE. That is right. I just wish we were able to do what they are doing. But to conclude this statement, in each case here we have got one board of directors that can sit down around one table and make a decision to spend whatever amount of money they consider to be good business for research and promotion to build markets for their fibers.

Now, this is the cotton farmers' competition. And there are a half million relatively small cotton farmers spread across 19 different cotton-producing States, and gentlemen, this is why the cotton farmer simply has to have some kind of a mechanism to finance his own research and promotion on an adequate basis.

Senator HOLLAND. I think that is a fine statement, Mr. Blake.

Let me ask you a question or two. As I understand it, under the dollar per bale basis that is proposed as the beginning contribution here, if nobody asks for a refund you would have something like $13 to $15 million in the average year?

Mr. BLAKE. Yes, sir.

Senator HOLLAND. To add to the present outflow.

Mr. BLAKE. Yes, sir.

Senator HOLLAND. Or would it be added to the present expenditure?

Mr. BLAKE. Yes, sir, it would be added except to this extent. The National Cotton Council started back almost 30 years ago and has gradually built up to a level of about $3 million.

Senator HOLLAND. What I am trying to get at, would that $3 million be in addition to this $13 to $15 million or would it be subtractable from.

Mr. BLAKE. We would hope it would be in addition, sir. But now the Cotton Producers Institute, which has come along more recently, and which you will hear more about from Mr. Cortright, it added another $3 million to the Cotton Council's $3 million, so for all pur-

poses we have had around $6 million in this program. But now of course this program, the new program, will take the place of the old so-called voluntary program of the Cotton Producers Institute. That $3 million would be replaceable, sir.

Senator HOLLAND. What about the $3 million of——

Mr. BLAKE. Of the Cotton Council?

Senator HOLLAND. Of the Cotton Council.

Mr. BLAKE. We would hope that would remain the same. That is contributed by all branches of the industry.

Senator JORDAN. Mr. Blake, on that one the ginners and a great many people are participating in that program, is that true?

Mr. BLAKE. All the branches of the industry, the producers, the ginners, the warehousemen, the cotton merchants, the cotton textile mills, and the cottonseed oil mills all participate.

Senator JORDAN. That was my understanding.

Mr. BLAKE. Yes, sir.

Senator HOLLAND. Gentlemen, I have a luncheon engagement at 12:30. Would it be agreeable for the additional witnesses to be back at 2 o'clock?

We will resume at 2.

Thank you very much.

(Whereupon, at 12:25 p.m., the subcommittee was recessed, to reconvene at 2 p.m., of the same day.)

AFTERNOON SESSION

Senator HOLLAND. Mr. Cortright, you may proceed.

Mr. CORTRIGHT. As you can see, there is no question about the need for big money for cotton research and promotion—a need fully recognized by grower leaders when they organized the Cotton Producers Institute back in 1960. Opponents of the bill fully agree with this. The issue they have raised is whether there is an effective alternative to H.R. 12322, and if so what.

Those of us who support this legislation—those of us who have been grappling with this problem for years—have found no other approach capable of raising the big money we must have for research and promotion.

We ask you to keep firmly in mind this one central fact: No other person—no other organization—has put forward any other approach which is remotely capable of resolving our problem.

Undoubtedly you will hear the suggestion made that the present approach of the Cotton Producers Institute can somehow be made to work, if only the producer organizations will get solidly behind it.

So let me give you a quick picture of the organizational effort that CPI put together, beginning in 1960, in its drive to raise $1 per bale for research and promotion.

We started CPI with a nucleus of only a few key cottongrowers, and immediately moved to carry the organizational structure right on down to the State and area and county levels. Thirty-eight cotton producer groups across the belt threw their full support behind it. Included here were all of the State farm bureaus in the 14 major cot-

ton-producing States, the State granges, the cotton cooperatives, and other area or State cotton producer groups.

Some 8,600 of the country's top cotton farmers were brought together into various CPI committees. All told, 2,135 meetings have been held for CPI, with a combined attendance of 111,250.

Surely this has been the greatest organizational effort ever put forth in behalf of any agricultural commodity. And it succeeded up to a point.

We quickly moved CPI to an operating level of $3 million a year. Then we hit a roadblock. We found that we couldn't possibly go any further toward our goal of $12 to $15 million a year. Moreover, we found that we couldn't even maintain the $3 million program on its present basis.

The central problem here had nothing to do with the producer's willingness to put up the money, but rather with the procedure that had to be employed for collecting it.

How in the world do you go about the job of getting and accounting for money from a half a million cotton farmers? It would be self-defeating, and prohibitive in cost, for a central organization to try to deal with each farmer individually. The only possible approach is to collect the money where cotton becomes concentrated, and this calls for a high degree of cooperation from the processor and handler branches of the industry.

The basic defect in the CPI finance plan—the basic reason we have proposed the approach embodied in H.R. 12322—is that we have not been able to attain enough cooperation to establish a uniform collection.

Take the gins, for example, where most of the CPI money has been collected up to now. Normally, there are several gins serving a given area, and they compete very strongly with each other to get volume, which, in ginning, is synonymous with efficiency and profits.

If all gins in an area are collecting the dollar a bale, it doesn't become a competitive factor.

But if just one gin fails to make the collection, so that it seems he has reduced the price of ginning by a dollar a bale, the other gins are placed in an untenable position. They start pulling out too, and the whole program comes apart in that area.

Lack of a uniform collection is the one great defect in the present CPI approach. Our program did not and it could not provide for a uniform collection, which is a must if we are to eliminate the competitive factor among processors and handlers. No amount of cooperation between producer organizations is going to get around this problem. The suggestion that this can be done ignores the fact that CPI has already had the wholehearted cooperation of the producer organizations over the last 5 years.

The proposal before this committee is the only alternative we have found. It has a tremendous base of support from the CPI leadership, from producer organizations, and from the rest of the cotton industry.

May I now submit for the record a list of the organizations we believe support this proposal.

Senator HOLLAND. Without objection, it will be copied in the record.

(The document referred to follows:)

ORGANIZATIONS ENDORSING H.R. 12322

National:
- National Grange.
- National Farmers Union.
- American Cotton Producers Associates.

Southeast:
- North Carolina Grange.
- Carolinas Cotton Growers Association.
- Carolinas Ginners Association.
- Carolinas Cotton Warehouse Association.
- The Cotton Producers Association.
- Georgia Farm Bureau.
- Atlantic Cotton Association.
- Alabama-Florida Ginners Association.

Midsouth:
- Delta Council.
- Staple Cotton Association.
- Mississippi Cotton Warehouse Association.
- Mid-South Cotton Growers Association.
- Southern Cotton Shippers Association.
- Agricultural Council of Arkansas.
- Arkansas-Missouri Cotton Trade Association.
- Valley Warehouse Association.

Southwest:
- Texas Federation of Cooperatives.
- South Texas Cotton Improvement Association.
- Rolling Plains Cotton Growers Association.
- Plains Cotton Cooperative Association.
- Growers Marketing Association.
- Plain Co-op Oil Mill.
- Central Texas Co-op Oil Mill.
- Gulf Compress Association.
- Texas Cotton Ginners Association.
- Texas Co-op Ginners Association.
- Texas Independent Ginners Association.
- Texas Cotton Association.
- Texas Cottonseed Crushers Association.
- Oklahoma Cotton Co-op Association.
- Oklahoma Ginners Association.

Far West:
- Trans Pecos Cotton Association.
- El Paso Valley Cotton Growers Association.
- New Mexico's Pecos Valley Cotton Farmers Association.
- SWIC.
- New Mexico Ginners Association.
- Arizona Cotton Growers Association.
- Arizona Cotton Ginners Association.
- Serape Cotton Oil Co.
- Five-State Cotton Growers Association.
- Western Cotton Growers Association.
- Imperial Valley Cotton Growers Association.
- Calcot.
- Ranchers Cotton Oil Co.
- California Grange.
- California Agricultural Council of Growers.
- Western Cotton Shippers

Mr. CORTRIGHT. Now let me move on to another question that was raised when H.R. 12322 was considered by the House.

This is the question of whether producers should bear the full financial burden of closing up cotton's deficit in research and promo-

tion—as they would under our proposal. Why shouldn't the other branches of the industry—especially the spinners—carry part of the assessment?

To answer this question so far as spinners are concerned, I will simply refer to Rhea Blake's presentation on what the manmade fiber producers are doing in product development and promotion. These other fibers are offering all kinds of services and incentives and choices to the mills, as well as to the finishers and product manufacturers.

Are cotton producers, in their turn, going to come along and say to their customers: If you want to use our fiber, you are required to put up money to reduce the farmer's production costs, to improve the quality of cotton products, and to promote them? Are we going to exact a penalty from the mills which use cotton, when the manmade fibers are offering them incentives?

Nothing could be more damaging to cotton producers. The suggestion that our customers should be assessed for cotton research and promotion is nothing more than an attempt to kill our proposal; and if it were ever tried, it would most certainly kill what is left of cotton's markets.

As for the other groups in the industry—those who do the ginning, the merchandising, the warehousing, and the seed crushing—their interests are, of course, tied directly to raw cotton, just like the producer's. They do indeed have a real stake in what is done about cotton research and promotion. Whether they should participate in an expanded research and promotion program was carefully considered by the producer groups in 1960, when CPI was formed. We concluded they should not for these three reasons:

1. The dues they already pay the National Cotton Council accurately reflect their ability and willingness to support research and promotion.

Senator Holland. What are those dues, if I may ask?

Mr. Cortright. Mr. Blake, do you want to run down the whole list of them?

Mr. Blake. The producer pays 20 cents a bale, the producer-ginner. The way this thing works, Senator, the ginner signs an agreement that he will pay the cotton council 20 cents a bale, and that he will collect that from the producer.

Now to the extent that he may not collect it, then he would pay it, you see. He obligates himself for the full 20 cents, and most of the ginners collect practically all of it from the producers for them that they gin. So this is 20 cents a bale producer-ginner contribution.

The warehouseman pays a cent on the bale of cotton he merchandises, the merchant 2 cents a bale on the cotton he merchandises. The spinners pay 10 cents a bale on the cotton that they consume in the spinning mills, and the cottonseed crushers pay 7.5 cents a ton on the cottonseed that they crush. Those are the present rates of dues in the National Cotton Council.

Senator Holland. Thank you, sir.

Mr. Cortright. Thank you.

2. If they had to pay any additional assessment for this purpose, it would have to be reflected in the charges for their services, or in the price paid for lint and seed—so that the farmer would wind up paying it anyway.

3. If the farmers were going to put up the money, they should have the sole right to control its expenditure, without sharing with the other branches.

For these reasons, we ask that the bill not be amended to provide for an assessment on any other branch of the cotton industry.

Senator HOLLAND. Were amendments offered in the other body to provide for assessments? I haven't heard of any.

Mr. CORTRIGHT. No, sir; I have heard of none.

Senator HOLLAND. I haven't had any correspondence on this.

Mr. BLAKE. There was discussion on it in the House hearings by some of the opponents of the bill, but no one other than avowed opponents of the bill have made this suggestion.

Senator HOLLAND. I haven't had any correspondence making that suggestion.

Mr. CORTRIGHT. Here's another question about the bill: Would it give "unprecedented" authority to the Secretary of Agriculture—as opponents have charged? This is an astounding, an unbelievable charge for any knowledgeable person to bring to the Congress of the United States.

To begin with, the Congress has, over the years, vested enormous amounts of discretionary authority in the Secretary in the administration of the cotton price and production program.

If a Secretary were lacking in principle and sound purpose—if he wanted to punish or manipulate an industry for political purposes—he could certainly do it with the great power he already has under that cotton program. Any additional power he might have under our proposal would be inconsequential.

Beyond that, of course, is the longstanding precedent Congress has established for secretarial responsibilities in connection with marketing orders and referendums.

This precedent goes back to the Agricultural Marketing Agreement Act of 1937. Under this basic law, the procedures of 33 commodities—ranging from avocados to Washington sweet cherries—have approved research or promotion programs in referendums.

Under the Wool Act of 1954, sheep producers have approved an assessment for lamb and wool promotion.

In every case, the Secretary is empowered by Congress to exercise virtually unlimited power over the initiation, supervision, and control of these programs. In actual practice, the Secretary has used his power only to see that the money is used for the purposes intended. He has been more than happy for the commodity producers to run their own programs.

In the case of cotton, we have devised a program which is unique in establishing the producer's responsibility for initiating and carrying out his own program.

The Secretary naturally has such standard responsibilities as conducting hearings, issuing orders, conducting referendums, and seeing that the money is spent as intended.

He also has the responsibility for certifying State or area cotton-producer organizations for participation in the program—such participation being the real key to how the program will operate.

After certification, these organizations would submit nominees to the Secretary for appointment to a cotton board, composed exclusively

of producers. In addition to advising the Secretary on various matters, the board would receive the money; it would make refunds to growers requesting them; and it would be required to contract exclusively with a beltwide producer organization for developing and carrying out the research and promotion program.

This beltwide organization would be independent of the Government. Its members would be selected by the State or area producer organizations—in essentially the same manner that the trustees of the Cotton Producers Institute have been selected up to now.

A question has been raised as to whether we need both a cotton board and a beltwide producer organization to carry out the program. Why not eliminate one of them? We are opposed to this.

As set up, the cotton board would be a quasi-governmental agency, with several highly important functions. But the key function—which makes it essential—is that of advising with the Secretary on whether the money is being spent for the purposes intended. The cotton board provides a necessary safeguard both for the producer and for the Government. On the other hand, the independent beltwide organization is essential in terms of giving producers maximum freedom to spend their own money in the way they deem best.

Another question about the bill is the voting requirement in the farmer referendum. The program can be approved by two-thirds of those voting, or two-thirds of the volume of those voting. Opponents charge that this discriminates against farmers on the basis of size.

Again, I must say this is an astounding charge. Congress established this principle of voting 29 years ago, in the Marketing Agreement Act, and reaffirmed it in the Wool Act in 1954. Only last year Congress extended the Wool Act and expanded the number of commodities covered by the Marketing Agreement Act—without altering the principle of referendum approval by numbers or volume. This principle has been applied to every one of the 30-odd Federal marketing orders now in effect.

Opponents cite an absurd extreme under which 12 percent of the producers with the largest allotments could conceivably carry the referendum on a volume basis.

If the volume provision were eliminated, we could conjure up another absurd extreme: A minority of 34 percent of the producers with the smallest allotments—and representing less than 5 percent of the total crop—could defeat the referendum. This would deny a majority of 66 percent of the farmers, producing 95 percent of the crop, the opportunity to have the program.

But extremes like this just don't happen. In practice, most referendums on marketing orders have been carried both by numbers and by volume. This has been true, for example, in the wool referendums of 1954, 1959, and 1962.

Actually, the only real purpose of a referendum, and this is in our bill, is to determine whether there is sufficient support to justify a program. Surely there is sufficient support if we have two-thirds affirmative vote by numbers or volume.

But the key point to keep in mind is that an affirmative vote doesn't bind any individual producer. He can get his money back—every dollar of it—simply by asking the cotton board for a refund. This is a voluntary program—not compulsory, as opponents have charged.

Here's another question: Why shouldn't the handler who collects the money be authorized to accept a producer's application for a refund?

If an amendment of this kind should be adopted, it would kill the whole purpose of the bill. The one problem we couldn't get around with CPI was competition between handlers at the point of collection. If we allow them to accept refund applications, we will immediately have some of them saying to the farmers: "You do business with me, and, if you'll just sign this little slip of paper, I'll get you a rebate of a dollar a bale."

Obviously, we must have a uniform collection, or the legislation before you becomes meaningless.

Here's another question: Shouldn't it be mandatory to have subsequent referendums to assure continuing producer approval of the program?

Actually, the refund provision offers a constantly recurring referendum, throughout the year, to each individual farmer. He can vote at any time to terminate the program—insofar as his participation is concerned—by simply requesting a refund.

But the bill has still other safeguards. The Secretary can have another referendum any time. Or 10 percent of the number of farmers voting initially can sign a petition and make it mandatory to have another referendum.

One final question: Would our program conflict with, or duplicate, any other program of cotton research and promotion, public or private?

Absolutely not. We are counting in a vital way on the continuation and expansion of other programs. Those of us in the cotton industry have had a world of experience in meshing our work with that of others. We will continue to do this in the future.

As a producer, I could not come here without expressing deep appreciation for what the Government has done to help cotton. Without its vital assistance in research, cotton would long since have ceased to be a major fiber. Through Public Law 480 it has given us great assistance in the development of international cotton promotion. Through the Agricultural Acts of 1964 and 1965, it has moved to make cotton fully competitive in price—certainly an essential ingredient in the drive to hold and expand our markets. The continuation of these programs, on a sound basis, is vital to us.

But I do want to say, after coming before you so often to support measures involving Treasury funds, that it is most gratifying now to advocate a proposal which recognizes the producer's responsibility to himself, and which in the long run promises a reduction in the most costly part of the Government's program for cotton.

We know our Government cannot tolerate a carryover that will exceed 16.5 million bales by August 1. As producers, we know that we cannot live with the acreage reduction that necessarily accompanies a carryover of this size. The one and only answer is to sell more cotton.

The legislation we propose offers us a real chance to use our own money—not the taxpayers' money—to build a program that will truly be capable of expanding our markets and preserving an industry that means so much to so many Americans. We feel that we deserve this opportunity. We trust and hope you will enable us to have it.

May I add just a word? We feel it is extremely urgent that we move in time to make this legislation effective for this crop. Otherwise we will lose a full year in initiating a sizable program, and lose the continuity of the program we already have begun. We would ask that with full consideration, but with deliberate speed, we try to move this through the Congress.

Thank you.

Senator HOLLAND. Thank you very much. I will comment on just one part of your statement, because it makes such complete sense, at least to me, and that is where you comment on the position of some, I don't know who they are, that additional referendums should be required to continue the program. Having had considerable experience with marketing agreements and orders, I would say that that would be unnecessary for any order that I know anything about.

Secondly, the machinery that you have here for discontinuance of a program is very far reaching. It is easier to call this off than it is to vote it in terms of the agreement, and aside from that, as you state, each producer has it in his power to end the program's application to himself by requesting that his contribution be refunded. I think there is no use at all in talking about additional referendums.

That is one question that I don't think has bothered our committee. I have heard nothing on that. There is another question that I have already commented on as you went along. That is the suggestion which you say is made by some that the bill be amended to assess other branches of the cotton industry. I have received no suggestions of that kind.

As I stated this morning, the complaints I have had dealt wholly with the question of the one-member, one-vote or one-producer, one-vote problem, and the question of the right to claim a refund. On that I think that the second one is the only one that departs from what I found to be almost the unanimous practice if not the unanimous practice in the several marketing agreements and orders that I know about. I know of none that provides for refunds. I know of many, and none of them that I know anything about requires referendums each year to keep the order in force.

All right, the next witness is Mr. Hervey Evans, Jr., chairman of the Cotton Producers Institute of North Carolina, Laurinburg, N.C.

STATEMENT OF HERVEY EVANS, JR., CHAIRMAN, NORTH CAROLINA STEERING COMMITTEE, COTTON PRODUCERS INSTITUTE, LAURINBURG, N.C.

Senator HOLLAND. Mr. Evans, sit by your good Senator.

Senator JORDAN. Mr. Chairman, I would just like to introduce this young man. He has been a very fine citizen and a good farmer. He comes from a farm family. I have known his father and mother and the whole family for many, many years, and they are very fine citizens, and they are always promoting something that is good for North Carolina and the industry in which they are engaged, and I am happy that he is here to testify in whatever capacity he wants to discuss this.

Mr. EVANS. I certainly appreciate those comments, Senator Jordan.

Mr. Chairman, my name is Hervey Evans, Jr., from Laurinburg, N.C. I am a cotton producer, a cottonseed breeder, a cotton ginner,

and have interests in other types of cotton handling and processing businesses. I am serving as the chairman of the Cotton Producers Institute Steering Committee in North Carolina and am also president of Cotton Council International, an organization that is engaged in helping conduct cotton promotion programs in 16 foreign cotton-consuming nations. I am appearing today in my capacity as CPI chairman for North Carolina.

It has been well established in previous testimony that thoughtful and responsible cottongrowers know they must have a vastly larger program of research and promotion and are willing to pay for it.

Our growers in North Carolina are no different. We were one of the last States to initiate CPI on its planned time schedule, but support for its program has been excellent wherever it has been introduced.

One of our problems is the large number of small growers in North Carolina. It is prohibitive in cost to try to reach one of them through direct contacts. But we know from previous experience in our State that the big majority of all farmers will support worthwhile programs of self-help if a mechanism like that embodied in H.R. 12322 is employed. We already have a North Carolina Cotton Promotion Association which the growers in our State organized to help promote the cotton industry in North Carolina. For a number of years, we also have had successful programs in our State on tobacco and on peanuts.

Because North Carolina has many farmers with comparatively small cotton allotments, along with farmers who have medium or large allotments, I feel compelled to comment on the criticism that has been leveled at H.R. 12322 on the basis of its provisions for program approval in the referendum. As you know, the program could be approved by two-thirds of the farmers voting, or by two-thirds of the volume of those voting. It is said that the volume provision discriminates against small farmers.

Gentlemen, this is a false issue. All cotton farmers, regardless of size, have a stake in saving their crop. Just because a farmer is small is no indication that he doesn't want to carry his fair share of the cost of research and promotion.

Our farmers certainly feel that the program is justified if it is favored either by two-thirds of the numbers or the volume. We feel this is completely fair since any size farmer, through the refund provision, can decide for himself whether he will be in or out of the program.

The basic principles in this enabling legislation have been carefully considered by most of the cotton interest groups in North Carolina, and we like what we see. We feel the Government has already gone as far as any reasonable person could expect in assisting cottongrowers with their competitive problems and that it's time we do more to help ourselves.

All we are asking is a mechanism that will allow cottongrowers to decide whether they want to assess themselevs for research and promotion and, if so, to establish a uniform collection system that will eliminate the unfair competitive features inherent in our present system. The act will also provide a practical mechanism whereby growers can develop and operate their own program. Mr. Cooley's release announcing the introduction of this bill stated he was proud to sponsor

this rather unusual piece of farm legislation—one that the taxpayers will not be called upon to pay for. We are proud of it for the same reason, and being from North Carolina, we are especially proud our distinguished fellow North Carolinian sponsored such an act.

I mentioned earlier in my testimony that I am presently serving as president of Cotton Council International. Before closing, I would like to call the attention of the committee to some of the experiences we have had in the 11-year history of this organization. As you know, Cotton Council International receives as its principal source of funds foreign currencies originating under the marketing development section of Public Law 480, and thus represents an active partnership between the cotton industry and the Federal Government.

During these 11 years, through cooperative projects involving the textile industries of Western Europe, Japan, and certain other countries, we have learned how important it is to carry on an active market research, product development, and promotional program for cotton. There is no question but that the position of cotton in the cooperating countries is much stronger today as a result of these efforts. Just this past month, a new international organization called the International Cotton Institute was formed to promote cotton consumption in Western Europe and Japan. Seven countries now belong to this organization, and it appears that several more will shortly join in to add to the promotional funds available at the rate of $1 per bale of cotton consumed in Western Europe and Japan.

I point this out because here we have a concrete example of how this type of program can operate successfully, and how the cooperation between the cotton producing industry and the Government can be successfully carried out. During the history of Cotton Council International, it has been left to our organization to formulate and carry out these promotional plans with only the minimum amount or red-tape and reports being made to the U.S. Department of Agriculture. The success of this program illustrates that we are on the right track with the new proposed Cotton Research and Promotion Act.

In closing, I can't stress too strongly the urgent need for this program to go into effect with the 1966 crop. Even 1 year's delay will cost us cotton markets and cotton acreage that will be difficult, or even impossible to recover. I haven't talked to a single cotton farmer in our area who doesn't agree that we need to find an effective way to raise the research and promotion money so desperately needed to be able to stand up against our synthetic fiber competition.

Mr. Chairman, I would like to, if I might, comment briefly on a couple of questions that were raised this morning that I think are very appropriate. One of them has to do with this question of whether the ginner should be the point for collection and should be so designated in the act.

As the act is now drafted, this is nonspecific. It is left as a handler. In our part of the country particularly, I think it is advisable to leave it this way because traditionally the ginner in our part of the country and the farmer have developed a relationship that the farmer more or less expects cottonseed to pay for the cost of ginning. This puts a real squeeze on the ginner, particularly since cottonseed doesn't bring the price today that it once did, and it is a pretty normal thing for cottonseed just about to pay for ginning costs.

Now, if the ginner is required to be the collecting point for this, it is going to make it even more of a competitive factor and difficult for the ginner. On the other hand this $1 a bale, if it could be tied to the lint in our part of the country, would operate in a less competitive fashion, and the ginner would be a happier person because it wouldn't upset his relationship with the farmer.

We have relatively speaking fewer handlers, first buyers or loan agents that we have ginners, so it is not a question of numbers. We could handle it with a relatively few people.

But I do think if we were flexible enough so that we could hopefully implement this in our area, not through the ginner but through the first buyer or the loan document, it would be a little smoother thing in our section.

Senator HOLLAND. Who would you suggest to be the collecting and accounting agency?

Mr. EVANS. I would suggest, sir, that in our area the first buyer of the cotton or the Government loan document handle it, if it goes into the Government loan. I think if the decision could be made administratively through the Cotton Board, it would be better, because there may be some parts of the country that would like to do it in a different way.

Senator HOLLAND. Do you mean you feel it should be left so that it might be handled in different ways in different parts of the belt?

Mr. EVANS. I personally think, sir, that maybe by letting it be an administrative decision rather than spelling it out in the law might work a little better.

Senator HOLLAND. Is there any other handler who handles all the cotton except the ginner?

Mr. EVANS. Well, not in a sense that the ginner handles it, but it is either bought by a buyer or goes into Government loan, and it would be easier to handle it in the loan documents, and then if the buyer had to do it, I think that could work very well. I think we probably only have, Senator Jordan, maybe less than 1,000 people who would either handle loan or warehouse cotton, wouldn't we?

Senator JORDAN. I really don't know. I am not thoroughly familiar with that. I know we are getting fewer and fewer gins all the time because they don't have the volume in a certain area, and they have to go to the fellow with the cotton, unless they have built more in recent years. As our cotton has gone back into production, there have been some new gins.

Mr. EVANS. That is right.

Senator JORDAN. This releasing and reapportionment has helped, particularly in the eastern counties. I don't know about your section.

Mr. EVANS. There have been in our area.

Senator JORDAN. Very fine gins, too.

Senator HOLLAND. I think it would make little difference from the standpoint of the committee, assuming that the committee would approve the bill in general, what handler should be the accountable one. I don't know whether it is desirable to leave it in the alternative or whether maybe it is broader than that, so that it might be one of two or three handlers depending on what part of the country you are in.

Mr. EVANS. Certainly.

Senator HOLLAND. I don't know whether or not that is the desirable course. At any rate we are glad to have your statement. It is a good statement and we appreciate it.

Mr. EVANS. Now may I just comment on one other thing, Senator Holland, briefly?

Senator HOLLAND. Yes, indeed.

Mr. EVANS. That had to do with the suggestion that I believe you said some people had made to you that perhaps we might say have a cutoff point, let's say 2 acres or 5 acres or at some level.

Senator HOLLAND. Yes. That suggestion has come to me from several, who thought it would cut the administrative burden, would not affect greatly the amount involved, and probably would confine it to a more cooperative group on the average than if you included these very small producers. I don't know.

Mr. EVANS. Well, in North Carolina I think we are particularly well qualified to think about this, because we have got I believe close to 85,000 farmers who are cotton farmers, probably as many as any other State or close to it, and a lot of them have very small cotton allotments.

Administratively I think actually the reverse would be true. I believe if we had to exclude people, the problem of administratively determining who is to be excluded and who isn't would really be a greater problem than if we uniformally collected and then refund the money to those people who asked for it.

The other thing that I think in our State would be a problem here, sir, is that it would be the kind of thing I think that would divide our farmers.

I think our farmers need to feel that they are all in the same boat, we all have the same problems regardless of size, we are going to try to lick it together, and if we all pull together on this thing we can do it. And if my neighbor doesn't do it and I do it, then I am prone to say, "Well, maybe I ought to ask for my money back."

I feel if we can avoid this question, we will have really made some real progress in it. I hope you and the committee will consider that strongly in making your determinations.

Senator HOLLAND. I am not planning to offer an amendment on this score. I don't know whether such an amendment will be offered by others. I have no information on that. But there is some thinking along that line. That is the reason I injected that matter into the hearing.

Mr. EVANS. Certainly.

Senator HOLLAND. Senator Jordan?

Senator JORDAN. I don't have any questions. It was a very fine statement. I enjoyed it.

Senator HOLLAND. There will be a vote at any minute. I think we had better recess. Mr. Brooks is here. I promised him that he could appear next. Mr. Brooks, we are willing to start hearing you with the understanding that if the vote comes while you are talking, we are apt to have to run off and leave you and let you continue after we come back.

STATEMENT OF D. W. BROOKS, GENERAL MANAGER, COTTON PRODUCERS ASSOCIATION, ATLANTA, GA.

Mr. Brooks. That is perfectly all right. My testimony is very short, and I fully understand that, Senator.

Senator Holland. As a matter of fact, they have just about completed the quorum and the vote is apt to come up any minute.

Mr. Brooks. I have plenty of time so that is perfectly in order.

Senator Holland. All right, sir.

Mr. Brooks. I am D. W. Brooks, general manager of the Cotton Producers Association, with headquarters in Atlanta, Ga. I am also vice president of the National Cotton Council. I come before this committee to urge approval of the cotton research and promotion bill.

Cotton is a $90 million crop for Georgia farmers. Of course, its importance to our State's economy goes far beyond this. Many of our business firms depend heavily on the supplies and services they sell to cotton farmers. And many thousands of our people earn their living by processing, handling, and manufacturing cotton or cottonseed.

Being a major textile manufacturing State, we probably understand better than most raw product groups what competition between cotton and manmade fibers really means. Georgia produces both types of fibers in large quantities, and it has been somewhat discouraging to see a high percent of our cotton stack up in warehouses, while all of the synthetic production is being consumed.

Careful study of this problem has brought the reason into clear focus. Without going into all the details and ramifications, it boils down to the fact the synthetic producers are spending tremendous sums of money on research to improve quality and develop new products and, even more important, on national advertising to build consumer demand. This kind of sales assistance on manmade fiber products has meant that our textile mills generally make greater profits from processing manmade fibers, and I am sure no one can blame them under the circumstances for doing so. This will continue unless and until cotton producers initiate their own research and promotion programs on a realistic basis.

We are proud of the fact that the farmers and the agricultural leadership of Georgia have helped pioneer in the field of producers pooling their resources for self-help programs of research and advertising.

We now have eight commodity commissions operating under a State enabling act that makes such programs possible. These programs on tobacco and peanuts have operated very successfully for a number of years, and are participated in by other States as well as Georgia. Cotton was added about a year ago, and our experience with the cotton referendum is indicative of how the rank-and-file grower feels about such programs.

Over 15,917 cottongrowers voted in this referendum, and over 86 percent favored an assessment for cotton research, education, and promotion.

Senator Holland. How does the number who participated in the referendum compare with your total number of growers?

Mr. Brooks. I do not know the exact number of total growers at the present time. It is probably 40,000 or 50,000.

Senator Holland. Cottongrowers.

Mr. Brooks. Yes, but it is quite a high percent, and I think it was a very high percent of the total cotton produced. Eighty-six percent voted for the bill when we had the vote.

Senator Holland. Eighty-six percent of those participating.

Mr. Brooks. That voted.

Senator Holland. You mean 86 percent by number.

Mr. Brooks. By number; that is right.

Senator Holland. Do you have the figures of the percentage by volume?

Mr. Brooks. It would be higher by volume. I think it would probably be 90 to 95 percent by volume.

Senator Holland. Of those participating.

Mr. Brooks. Yes.

Senator Holland. How would it compare with the total volume produced?

Mr. Brooks. I think it would run quite high, probably between 50 and 75 percent of the total volume.

Senator Holland. Do you think it included virtually all of the substantial growers?

Mr. Brooks. Of the substantial growers, yes. You see, there are some areas in the northern part of the State where the growers are very small and probably no real effort was made to get them to vote.

The fact that Georgia took the lead in this type of legislation for cotton means that we have a problem of blending our program into the national program, but from the beginning we realized that we in Georgia could not save cotton alone, and we had to have the help of all cotton farmers all the way across the Cotton Belt.

Senator Holland. What is the assessment per bale?

Mr. Brooks. $1 per bale.

Senator Holland. In Georgia?

Mr. Brooks. Yes.

Senator Holland. Will that continue if this is adopted?

Mr. Brooks. I think that we will have to blend the two programs in, and there are certain parts of the present program that I am sure that the national program will pick up for us, so that it will reduce our cost substantially. We will have some programs that are particularly applicable to Georgia, and I will bring that out a little later here in my testimony.

There will be certain things which we need to do in Georgia separate and apart from the national program. For example, we have a quality problem with the cotton we are producing at the present time. We need to do enough research under Georgia conditions to develop a higher quality of cotton—so there will be certain things that we will want to do in Georgia that probably will not apply to the entire Cotton Belt. On the other hand, all of us who have studied our overall cotton problem and fully realize the seriousness of this problem realize that we must have a national program, and in order to have a national program, we in Georgia must participate in it. The most foolish thing we could do as Georgia cotton farmers would be to assume that we

could set up the program just for Georgia and solve the problems of cotton as a whole.

In my opinion, it is going to be most difficult for all the cotton farmers from Georgia to California working together to save cotton. It is a job far too large for any local group, and we fully understand this. For this reason, we feel it is urgent and critical that all cotton farmers from Virginia to California go all out in a completely coordinated program to have any hope for the future of cotton and cotton farmers.

We not only must save the industry but we must greatly improve it. We have the best product to work with, and we are confident that if we can obtain the resources for research and promotion that we cannot only maintain a sound cotton industry, but we can greatly expand it. This is what we hope and intend to do through this proposed bill. We can certainly blend our local program into this overall program in such a way as to take care of our local needs, and yet help meet this overall crisis in cotton.

There are several other States that have local programs which they too no doubt will want to continue in order to meet local needs, but I am confident that in the end the farmers in all the States will determine that the best and most economic way of bringing about the improvements that we want to see is through all of us working together in one concerted program all the way from Virginia to California.

We know that we are going to have an expanding market for all fibers. We hope this program will not only help cotton maintain its share of this expanding market, but regain a substantial percentage of the entire market which it certainly deserves to have based on the quality and cost of the cotton fiber.

In conclusion, I want to address myself to this point of how to adequately finance a commodity promotion program. Georgia is one of two major cotton States that has not initiated the present CPI program. This is not because we fail to see the need. Instead, it is because we have had more experience in making these assessment programs work on a number of commodities over the years, and knew it would take something like H.R. 12322 to really do the job. In fact, by the time Georgia was scheduled to come into CPI on its staggered timetable, it was already obvious that a uniform collection method was going to be required on a beltwide basis. For that reason, we did not think it would be wise to start this program on one basis and then change a year later.

But we are convinced that all cottongrowers, including Georgia cottongrowers, must have this program—and the sooner the better. Our only hope for working down the 16½-million-bale carryover and preventing further efficiency-robbing cuts in acreage is to develop better cotton products and sell them in greater volume to consumers. This requires big sums of money for research and promotion. H.R. 12322 is our only present hope for providing it.

I would like to call your attention, Senator, to another crop with which you are very familiar, peanuts, in which we are also heavily involved as you know. We are involved in a large number of commodities.

Senator HOLLAND. Are you part of the GFA program?

Mr. Brooks. No, we market the peanuts. We do not make any loans, but we market at Graceville, as you know. We have the largest shelling plant in the world there. We shell 50,000 to 60,000 tons of peanuts a year. We are the largest handlers of peanuts in this country. We have many plants across several States.

Senator Holland. When you say "we," what do you mean?

Mr. Brooks. The Cotton Producers Association. We operated under the brand name of Goldkist. Goldkist is our brand for poultry. We have, for example, in North Carolina taken over the poultry operation of the Durham setup. We are doing the poultry operation there now. And so we have been reasonably successful in marketing a number of these commodities.

Senator Holland. In addition to your operation at Graceville, which is the biggest plant in our State, and I think you said the biggest in existence, have you taken over the other smaller peanut plants in Florida?

Mr. Brooks. Not in Florida. We do have one down below.

Senator Holland. At High Springs?

Mr. Brooks. We had one at High Springs.

Senator Holland. Greenville?

Mr. Brooks. No, the one below Graceville. We have some 16 plants and I was trying to think of this largest town down below Graceville.

Senator Holland. Marianna?

Mr. Brooks. Marianna, yes, and one or two smaller setups below that. Now we have, of course, plants all the way across the belt to Texas; our furthest plant west is in Texas. There in the southeast we had a real problem getting a market for runner peanuts for awhile. We proposed a $1 a ton assessment for promotion. The growers voted it in in Georgia and in Alabama, and we think the promotion has been very successful. I mean in contrast to cotton here, for example, we have an increase in consumption of peanuts this year of 7 percent, so that we are bucking the tide instead of losing ground. So we think there is a place for this program. In fact, cotton is in such a desperate position now that without the program, lots of us would not have too much hope for the future, but we think that with this program we at least have a chance to run. We can get back in the race, and that is what we would like to do is at least have a chance to run again.

Senator Holland. One more question. You mentioned the peanut industry. In a sense the cotton oil is competitive with peanut oil. Peanut oil, as I recall, is regarded as a superior product and sells for more.

Mr. Brooks. Yes, generally.

Senator Holland. You have been able to expand the peanut oil marketing industry.

Mr. Brooks. Yes.

Senator Holland. Have you had that same experience with reference to cotton oil?

Mr. Brooks. We do not ourselves process cottonseed oil. We do peanut oil. We have the oil mill at Graceville; we have another one at Moultrie, Ga., and we have been able to expand it quite successfully. So that has given us some encouragement that we can take a program if it is handled well and promote a product and do quite well with it.

Senator JORDAN. Mr. Chairman, one of the things that I have understood is that the promoters of peanut oil and soybean oil and some others have done a better job of promoting than the cottonseed oil and the cottonseed oil has sort of had to look after itself and has not kept the pace in the edible oil fields. Do you think that is about right?

Mr. BROOKS. Well, that is a controversial issue, but I think that the soybean people have done a good job. I say that, and I think that the peanut oil people have done a reasonably good job. But I think our real problem in cotton is in the fiber. I think that is where we get our money really out of cotton.

Senator JORDAN. There is no question about that.

Mr. BROOKS. And that is our real problem with the cotton fiber.

Senator JORDAN. You do not grow cotton for the seed.

Mr. BROOKS. No.

Senator JORDAN. You grow cotton for the fiber.

Mr. BROOKS. That is right.

Senator JORDAN. The oil is a byproduct entirely.

Mr. BROOKS. That is right.

Senator HOLLAND. Some peanuts you grow for oil and some growing up in the States of North Carolina and Virginia they may grow to sell at baseball games.

Mr. BROOKS. Well, I do not want to get into any controversy about locations.

Senator JORDAN. That 7-percent increase, I ate that myself. They are might good.

Senator HOLLAND. Thank you very much.

Mr. BROOKS. I want to ask you about one statement of yours here. You say that:

> By the time Georgia was scheduled to come into CPI on its staggered timetable, it was already obvious that a uniform collection method was going to be required on a beltwide basis.

Of course this program does not require a uniform collection, because it permits refunds to anybody who wants a refund.

Mr. BROOKS. Yes, but by uniform collection we meant that the same amount of money, say $1 per bale, would be collected uniformly across the entire belt.

Senator HOLLAND. Do you like this provision for refunds?

Mr. BROOKS. I think there are some disadvantages, but I think the advantages in this instance outweigh the disadvantages. In other words, I think there are some complications in the cotton program that makes it desirable to have a ——

Senator HOLLAND. I wish you would state your thinking on this very clearly for the record, because, as I have already stated, that is one of the points of opposition that has been pretty universally mentioned to me in the correspondence I have had.

Mr. BROOKS. Yes.

Senator HOLLAND. In our State, marketing agreements are quite the order of things. We have had a good many, I think we have probably the oldest one now in force in the citrus industry, and none of them provides for any refund, and it seems to be an idea that is foreign to the people who are used to marketing agreements and orders on the customary or traditional basis. So I wish you would state your think-

ing on this very clearly in the record. I think it will help the committee if you do.

Mr. Brooks. Well, to illustrate the problem involved, we will use Georgia, because we already have a system set up for collecting $1 a bale. Now the problem is to take this local situation and blend it into this national one. We think that in order to do this, that we must have some discretion and some freedom of action. In other words, we think that it is going to be difficult to collect $1 here and $1 there. We think that we have got to have some freedom here of working between the local group and the national group, in order to put these two programs together and make them effective, and not waste any money. We believe that we can do it better by having this freedom of refund.

In other words, if the national program, for example, would take over 50 cents of the local program that we already have committed, I mean in research, then we might want to say to our growers that you uniformly request 50 cents back. I am using that as an extreme example, but we might want to do that, because that will still put you even with the other growers in the belt. Now we will want to keep. I am confident, some of our funds for local use.

Senator Jordan. Research, for your local research.

Mr. Brooks. That is right. We will have to keep that, but on the other hand we have a problem of complication now that we have two programs here. We have got to blend these two together, and it is going to create a difficulty, and if we do not have this right, in my opinion it will complicate our operation substantially as compared to what we can do if we have this right to do it.

Senator Holland. Have you got any longtime commitments under your current program?

Mr. Brooks. Yes; we do have. We have about 3 years of commitments, and that is creating this problem.

Senator Holland. Do you know of any other of the States, the Cotton Belt States, where a similar situation exists?

Mr. Brooks. I understand there are several others that are not similar, not exactly like this, but they have maybe some complications, too. But certainly you cannot take a national program and make it go up and down with every local situation. So we figured that we have got to get a uniform program. We must have a uniform program across the belt, but with some flexibility in it where we can blend in these local programs that we have going.

Senator Jordan. Is it not 15 cents that the firm pays in in North Carolina?

Mr. Behrens, do you know what that is? Is it not 15 cents?

Mr. Clifton Kirkpatrick (National Cotton Council). It is 15 cents in North Carolina.

Senator Jordan. There is a vast difference between Georgia and North Carolina.

Mr. Brooks. That is what I say.

Senator Jordan. Mr. Chairman, I think the reason they have got this refund set up in there is because Georgia would be paying $2 and we would be paying $1.15 unless there is some adjustment in there.

Mr. Brooks. I think we can take time and work this out, but if we get caught into a law here that is too firm for us, it is going to make it

difficult for us to blend these local programs and those overall programs.

Senator HOLLAND. That is the best reason I have heard yet for having a refund provision in the program.

Any questions?

Senator JORDAN. I have no questions. Thank you for your testimony.

Senator HOLLAND. Thank you.

Now we will go back to the rest of the list with the same understanding that whoever is on the stand at the time we are called to vote must understand that we have to go right then.

The next one listed here is Mr. Charles R. Sayre, Cotton Producers Institute of Mississippi. If you will excuse us, we will be back in a few minutes.

(Whereupon, a short recess was taken, after which the hearing was resumed.)

Senator HOLLAND. The subcommittee will please come to order.

One of the witnesses set for this afternoon was Mr. B. F. Smith, executive vice president of Delta Council. He could not appear, and he asked us to file a written statement in lieu of his personal appearance. Without objection, the statement will be printed in the record.

(The statement referred to follows:)

STATEMENT OF B. F. SMITH, EXECUTIVE VICE PRESIDENT, DELTA COUNCIL, STONEVILLE, MISS.

Senator Holland aud members of the subcommittee, my name is B. F. Smith. I am executive vice-president of Delta Council, an organization representing the 18 delta and part-delta counties of Mississippi. This area produces more than two-thirds of the cottou produced in Mississippi, aud cotton represents the primary source of area income.

Our purpose today is to strongly endorse H.R. 12322, the cottou research and promotion bill as passed by the House of Representatives.

At a meeting in November 1965, the Delta Council board of directors, represeuting every county and every major town in our area, carefully reviewed cotton's competitive position and unanimously endorsed a resolution urging the development of a uniform collection plan to finance needed cotton promotion and research activities. Since that time, our officers and directors have been represented in the development of the proposal that was approved by the House of Representatives. This bill has been carefully reviewed on at least three occasions by representative groups of area leaders and was overwhelmingly endorsed at each of these meetings.

Mr. Chairman, the need for a program of this kind is unmistakable. Added efforts in promotion and research are essential if cotton is to have a fighting chance to meet the competition of manmade fibers.

The proposed program is voluntary in that farmers must approve the program in a referendum. Also, any farmer may obtain a refund of his money upou application. There is nothing unusual or precedent setting in a marketing order providing for the collectioin of funds for research and promotion purposes. The Marketing Agreement Act of 1937 was amended in 1954 to provide that any order under the act might include assessments for financing research and promotion activities. Out of the 48 orders covering commodities other than milk, 33 of them now provide for assessments for this purpose. Also, the wool program provides for a collection system to finauce meat and wool promotion and research programs. The big differeuce between what these commodities are doing and what is proposed for cotton is that the payments are mandatory, whereas, under the proposed cotton order, they are voluntary in that any producer who wants his contribution refunded can get it.

This act is necessary because the one-half million independent cotton farmers of the United States cannot possibly hold their domestic market against the concentrated power of mammoth industrial corporations who produce synthetic fibers and who channel millions and millions of dollars into research and promotional programs as part of their cost of doing business. As a result of their efforts, the consumption of synthetic fibers is skyrocketing while cotton's share of the fiber market is trending downward. New synthetic plants with a capacity equivalent to more than 3½ million additional bales of cotton annually are scheduled to come into production by the end of next year.

This trend will not be halted or reversed by lower prices for cotton under the new cotton program. While price at a competitive level is essential to competition with rayon and foreign cotton, the fibers now doing the greatest damage to cotton's domestic markets are selling at several times the price of cotton. They are gaining markets by massive advertising and promotional programs, and one-half million independent cotton farmers scattered from the eastern seaboard to California cannot possibly begin to launch an effective counteroffensive without a uniform collection plan through which urgently needed cotton promotional and research activities can be financed.

The hour is already late; we hope it is not too late. We know that cotton is a better all-around fiber than any of the synthetics. We believe that cotton can have a bright future. This will not be possible, however, without concentrated and sustained promotional and research activities. We are asking Congress for an enabling act that will give cotton farmers the opportunity to finance and operate a program that can save our markets.

We strongly endorse this bill and respectfully urge your approval.

Senator HOLLAND. At this same point I have written statements in favor of the passage of this bill from 19 different organizations listed here, and I ask that the list and the individual statements be incorporated in the record.

(The statements referred to follow:)

STATEMENTS FOR THE RECORD IN FAVOR OF THE BILL

1. Agricultural Council of Arkansas.
2. Arizona Cotton Growers Association.
3. CALCOT, Ltd.
4. California Cooperative Cotton Gins Association.
5. California State Grange.
6. Carolinas Cotton Warehouse Association.
7. Carolinas Cotton Growers Association.
8. Carolina Ginners Association.
9. Farmers Cooperative Compress and Plains Cotton Association.
10. El Paso Valley Cotton Association.
11. Imperial County Growers Association.
12. Mid-South Cotton Growers Association.
13. Oklahoma Cotton Ginners Association, Inc.
14. Plains Cotton Cooperative Association.
15. Rolling Plains Cotton Growers, Inc.
16. South Texas Cotton Improvement Association.
17. Southwestern Irrigated Cotton Growers Association.
18. Texas Cotton Ginners Association.
19. Texas Independent Ginners Association.

STATEMENT OF J. A. GIBSON, PRESIDENT, AGRICULTURAL COUNCIL OF ARKANSAS, WEST MEMPHIS, ARK.

This statement is submitted on behalf of the Agricultural Council of Arkansas whose members are located in the State's delta counties which annually produce approximately two-thirds (800,000 bales) of Arkansas cotton crop. The council has been promoting Arkansas agriculture since 1939. Almost all its members are cotton farmers.

Cotton, at present with its 16-million-bale carryover is in more trouble than any other agricultural commodity. The Food and Agriculture Act of 1965 has

made cotton competitive in price with manmade fibers. However, the true synthetics, which are much higher in price than cotton, continue to make inroads into cotton's markets through expensive research and promotion programs. If cotton is to maintain its share of the fiber market, greatly increased research and promotion funds are a must.

Cotton producers have invested several million dollars in recent years for research and promotion by voluntarily contributing $1 per bale to the Cotton Producers Institute. Fierce competition between cotton processors who were to collect these funds kept this program from raising enough money to do the necessary job. Legislation is desperately needed that would enable cotton farmers to decide for themselves if they want to establish a system for uniformly collecting on a beltwide basis research and promotion funds.

Since cotton is of such great importance to the State of Arkansas and to council members, the ACA board of directors unanimously passed the following resolution concerning CPI at its December 6, 1965, annual meeting:

"It is our opinion that the future of the cotton industry will be determined by its ability to lower the cost of production, improve quality, and expand markets, and that research and promotion are the means of accomplishing these objectives. We feel that the Cotton Producers Institute represents the most effective medium through which cotton farmers can work toward these objectives. In order that CPI might stabilize its finance plan and raise the necessary funds, we recommend and support the development and enactment into law of appropriate enabling legislation to provide for a grower referendum to determine grower preference on cotton research and promotion assessments and subsequently establish uniform collection procedures."

The Council's executive committee, meeting March 31, 1965, wholeheartedly agreed to urge speedy enactment into law of H.R. 12322 in the exact form it passed the House. Passage at the earliest possible date is imperative so that funds can be collected from the 1966 crop.

We of the Agricultural Council of Arkansas wish to plead for quick committee approval and early Senate passage of the cotton research and promotion bill in its present form.

PHOENIX, ARIZ., *April 4, 1966.*

HON. SPESSARD L. HOLLAND,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HOLLAND: Our directors have asked me to write you expressing our support of H.R. 12322, which bill is now before your subcommittee of the Senate Committee on Agriculture.

This is the proposed legislation which would authorize a referendum among cottongrowers to see if they will approve collection of $1 per bale for research and promotion.

On February 15, 1966, our members, at their annual meeting, adopted a resolution supporting the principles of H.R. 12322. At a subsequent meeting directors of the association discussed the legislation at some length. This letter comes as a result of that discussion.

We believe that H.R. 12322 is definitely needed. Without restating all the general arguments you have already heard, I will merely say that one of the most serious obstacles to full participation in Cotton Producers Institute in this area has been the farmer who says he is all for it but will sign up "as soon as Joe Doaks signs." This has created an impossible situation which will be quickly resolved when the uniform collection plan is implemented.

There are two things we are especially interested in; (*a*) that, if at all possible, the legislation be made effective for the 1966 crop; (*b*) that the provision including vote by volume be left in the bill.

We are well aware that you have a very full schedule without having the problem of the cotton industry added to your agenda, but, we do wish to express the hope that it will be possible for your committee to give this bill favorable consideration at the earliest possible date.

Very truly yours,

ARIZONA COTTON GROWERS ASSOCIATION,
E. S. MCSWEENY,
Executive Vice President.

BAKERSFIELD, CALIF., *March 31, 1966.*

HON. SPESSARD L. HOLLAND,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HOLLAND: I understand the bill, H.R. 12322, to provide for research and promotion funds on cotton has been referred to your subcommittee for consideration.

On behalf of our more than 4,000 members from which we market in excess of 800,000 bales of cotton annually, I want to offer whatever assistance we can in presenting the need for additional funds that would be generated under H.R. 12322 so that we may continue to keep cotton a major agricultural commodity in the South and West.

Our member growers, during the past 4 years, have voluntarily contributed in excess of $600,000 annually to support the Cotton Producers Institute which is engaged solely in research and promotion of raw cotton. Because of the difficulty of bringing the message of cotton directly to the growers throughout the United States, we have been unable to reach a voluntary contribution sufficient to carry on the urgently needed research and promotion.

Your fine address to the delegates and members of the National Cotton Council in Jacksonville this year certainly was heartening to all of us, and we hope that we can continue to merit your confidence and support in our endeavor to raise additional funds which are sorely needed.

I shall be glad to appear personally at the hearings or submit testimony if it can be of any benefit in the hearings in your committee and later in the full Senate Committee on Agriculture.

Sincerely yours,

J. RUSSELL KENNEDY,
Executive Vice President, Calcot, Ltd.

HANFORD, CALIF., *April 22, 1966.*

SENATOR SPESSARD L. HOLLAND,
Senate Office Building,
Washington, D.C.:

The California Cooperative Cotton Gins Association representing the cotton-grower gins in California heartily endorse the research and promotion bill (H.R. 12322), as it passed the House of Representatives. We are glad the bill was referred to your subcommittee because of your interest and leadership in getting similar legislation passed on other agricultural products. It is imperative that this legislation be passed in time to apply on this year's cotton crop, as cotton's research and promotion needs were never more critical. Our association would very much appreciate your making our endorsement a part of the record of your hearings next week.

KEN BUNDY,
President, California Cooperative Cotton Gins Association.

SACRAMENTO, CALIF., *April 20, 1966*

SENATOR SPESSARD L. HOLLAND,
Senate Office Building,
Washington, D.C.:

California State Grange urges favorable consideration of cotton research and promotion legislation under terms of H.R. 12322 as it will implement self-help with producer-financed funds and point the way for individual effort in promoting a wider use of cotton products. This will benefit every segment of national economy. Request this wire as well as our letter of April 6 be placed in the records of your committee.

J. B. QUINN,
Master, California State Grange.

SACRAMENTO, CALIF., *April 6, 1966.*

HON. SPESSARD L. HOLLAND,
U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HOLLAND: As a member of the subcommittee considering H.R. 12322, we urge you to give it favorable attention.

The California State Grange, at its 1965 annual session, adopted a resolution favoring the passage of congressional legislation that will submit to the cotton producers of the United States the proposition of $1 per bale production to be used solely for research and promotion of wider use of cotton products. We believe this a big step forward in self-help and if approved by the necessary volume of producers it will be the means of a renewed interest in this vital link of our agricultural and industrial economy.

We believe one of the most effective ways of increasing the economic betterment of cotton producers is its wider use—then maybe instead of restricting acreage we can look for increased plantings.

Sineerely,

J. B. QUINN,
Master, California State Grange.

COLUMBIA, S.C., *April 12, 1966.*

HON. SPESSARD L. HOLLAND,
U.S. Senator,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HOLLAND: This is written with reference to the cotton research and promotion bill (H.R. 12322) which I understand is now in your Subcommittee of the Senate Agriculture Committee.

While our industry and this association are not directly concerned with this legislation as we are not producers, we feel that passage of this bill is vital to our survival as an industry. Unless cotton can be produced and consumed in quantity in competition to synthetic fibers, there will be no need for our existence.

Therefore this association respectively requests that you do all in your power to get this legislation to the floor of the Senate as soon as possible in order that a referendum can be held prior to the harvest of the 1966 crop. The sooner we can secure the funds for research and promotion, the sooner we can get cotton back on a healthy road.

Thanking you for your support, I am,

Sincerely,

HENRY B. THOMAS,
President, Carolinas Cotton Warehouse Association.

RALEIGH, N.C., *April 4, 1966.*

HON. SPESSARD L. HOLLAND,
U.S. Senate.
Washington, D.C.

DEAR SENATOR HOLLAND: It is my understanding that your subcommittee will soon be considering H.R. 12322 which would authorize the creation of a self-help program among farmers for the promotion of increased cotton use both here and abroad.

The board of directors of this organization, representing more than 20,000 cotton farmers of the two Carolinas, has endorsed this legislation as vital to the future of the cotton crop in the Southeast.

It is our sincere hope that you will arrange a hearing on this proposed legislation as early as possible so that it might have a chance to apply to the 1966 crop. As you know, the House has already passed the bill.

Our farmers have indicated time and again that they are anxious to do whatever is necessary to build a stronger cotton program, and I believe they will endorse the self-help research and promotion program by an overwhelming majority if given the opportunity to vote on it.

I had the great pleasure of hearing you address the National Cotton Council meeting in Jacksonville, in January, and you are certainly to be commended for

your interest and efforts in bettering American agriculture and the position of our farmers.

Only recently I heard of the illness of your brother. I wish for him a speedy recovery.

Sincerely yours,

G. D. ARNDT,
General Manager, Carolinas Cotton Growers Association.

ELLOREE, S.C., *April 21, 1966.*

HON. SPESSARD L. HOLLAND,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: I understand that you are holding the hearing in regard to H.R. 12322, the cotton research and promotion bill.

I am president of the Carolinas Ginners Association, and our association voted and went on record in favor and endorsing this act unanimously at our recent convention in Atlanta, Ga. We the Ginners Association wholeheartedly support the efforts of producer organization in trying to bring about this self-help legislation. I feel that in order for cotton to maintain its rightful place in the American economy a bill such as this is necessary to finance a adequate research and promotion program.

I am in favor of the bill in its present language and would be reluctant to see any changes or amendments to it.

You can consider this an official letter and I would offer it as testimony in support and endorsement of the research and promotion bill.

Respectfully submitted,

E. E. GASQUE, Jr.,
President, Carolinas Ginners Association.

STATEMENT OF HOWARD ALFORD, PRESIDENT, FARMERS COOPERATIVE AND PLAINS COTTON COOPERATIVE ASSOCIATION, LUBBOCK, TEX.

My name is Howard Alford. I am a cotton producer and am also president of Farmers Cooperative Compress and Plains Cotton Cooperative Association. On behalf of the membership of these two cooperatives, I am writing to express our support of H.R. 12322.

Our cooperatives are operated by 23,000 cotton producers who are trying to sell their cotton in the most effective way they know how. We believe in the future of cotton and have our capital and our labor invested in its production and distribution. We do not intend to stand idly by while synthetics take our customers. We want to invest our own money in expanded programs to improve industry efficiency, to develop better products, and to tell the public about the advantages of cotton products.

As a cotton producer I would prefer to see someone else pay the bill for the efforts that are needed. But I am realistic enough to recognize that this not going to be done. If processors put up the money to improve and promote our cotton, they will simply reflect the expense in the price which they pay us for our cotton. In that event, the farmer would pay the bill, but would have no voice in the way the money is spent.

We favor a program that is paid for by producers and run by the producers. Only in this way will we have the freedom to see that it operates for the benefit of producers. Of course, if the demand for cotton products is good, then the whole cotton industry will prosper—producer and processor alike.

I could write quite a lot about the reasons that I and the other cotton producers in our cooperatives support this proposal, but I think it is sufficient to point out that we contributed over $750,000 from our 1964 cotton crop to this program and we have collected over $900,000 from our 1965 crop to be used for research and promotion. We put our money behind our words.

This job is too big for our cooperatives and a few other groups to handle. If the program is to succeed, it must have the support of the great majority of the producers across the Cotton Belt. We believe that producers will overwhelmingly support this program, but a uniform method of collection must be established. Such a collection system could be established satisfactorily under H.R. 12322.

It is most important that the bill be passed in its present form, without amendments, so that it can be signed quickly and put into effect. Planting of the 1966 crop is already underway. Undue delay would be most harmful to the effectiveness of our research and promotion program. We urge prompt passage of this legislation so that collections can be made from the 1966 crop. We want to get on with the job.

EL PASO, TEX., *April 20, 1966.*

Senator SPESSARD L. HOLLAND,
Chairman, Agricultural Subcommittee,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HOLLAND: This is to advise that our association, representing several hundred farmers in this far west area of Texas, is supporting H.R. 12322, a bill to provide a uniform collection of funds from cottongrowers for the purpose of financing research and promotion of that commodity, and which your committee now has under consideration.

It is our recommendation, therefore, that this House-passed bill be given favorable and early consideration without amendment, and to respectfully request that this letter be made a part of the record of hearings you have announced for April 25 and 26.

Respectfully submitted.

EL PASO VALLEY COTTON ASSOCIATION,
C. B. RAY, *Executive Vice President.*

EL CENTRO, CALIF.

Senator ALLEN J. ELLENDER,
Chairman, Senate Agriculture Committee,
Senate Office Building,
Washington, D.C.

MY DEAR SENATOR: The cotton producers of the Imperial County in California have supported the aims and goals of the Cotton Producers Institute since the very beginning.

The growers have each year generously contributed the $1 per bale as voluntary assessment.

The competition of manmade fibers and the modernization of the spinning mills are increasingly putting different demands on the growers of the natural cotton fiber. The farmers must produce the type of cotton in demand by the mills.

Only through research can we quickly find the fiber wanted by the mills. Research will also help to find new uses and application of cottons.

Our cotton producers also believe that the cotton farmers have been much too willing to depend on others to advertise and promote their product. It seems to us that for too long a time, as producers, we have overlooked the fact that a bale of cotton is absolutely worthless unless spun into readily salable goods.

We always have and do deeply believe in the promotion of our products.

In October 1965 the board of directors of the Imperial County Growers' Association unanimously supported the aims and goals of H.R. 12322.

Mr. Chairman, and gentlemen of the committee, we earnestly solicit your support of H.R. 12322.

RUDOLPH MILLER. *Executive Secretary,*
(For the Imperial County Growers' Association).

MEMPHIS, TENN., *April 18, 1966.*

Hon. SPESSARD L. HOLLAND,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HOLLAND: At the request of the board of directors, Mid-South Cotton Growers Association, I have been instructed to notify you and members of your committee that directors of Mid-South Cotton Growers Association have unanimously voted full support to H.R. 12322.

We would like for this notification to be made a part of the record on the above-mentioned legislation.

Sincerely,

MID-SOUTH COTTON GROWERS ASSOCIATION.
H. VANDIVER, *General Manager.*

OKLAHOMA CITY, OKLA., *April 20, 1966.*

Hon. SPESSARD L. HOLLAND,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HOLLAND: Since our letter to you of March 31, we understand hearings have been scheduled for April 25 and 26, on H.R. 12322, the cotton research and promotion bill.

We of the Oklahoma ginning industry, would like to reiterate our stand in favor of this particular bill and state that Oklahoma's ginners went on record 100 percent in being in accord with what the producers are trying to do for the benefit of cotton.

Our resolution, passed on March 18, at Oklahoma City, during our 49th annual meeting, reads as follows:

"That, the Oklahoma Cotton Ginners' Association support the cotton research and promotion bill (H.R. 12322), now before Congress; and give producers full and enthusiastic support to the end that a uniform collection system will be in effect for the 1966 crop."

We state further, that we in the Oklahoma ginning industry support H.R. 12322, without further amendments and request this letter be made a part of the official records of the hearing before the Senate Agriculture Subcommittee.

We are most anxious to do whatever we can to be of assistance.

Sincerely yours,

OKLAHOMA COTTON GINNERS' ASSOCIATION.
ROBERTA REUBELL, *Executive Secretary.*

LUBBOCK, TEX., *April 21, 1966.*

Hon. S. L. HOLLAND,
U.S. Senate,
Washington, D.C.

DEAR SIR: Our sales organization is responsible for the marketing of over a million bales of American cotton per year. As we carry out this responsibility, we are in day-by-day competition with the salesmen who represent synthetic fibers. We see firsthand the inroads that are being made into the markets for which our members produce.

We have complete confidence in the fiber which we are selling. For most uses, cotton has superior properties. Its versatility is unequaled. We believe our competitive losses to synthetic fibers are due primarily to the superior job which the manufacturers accomplish in the fields of promotion and research.

In our view, if cotton is to survive, the industry must utilize the tools of modern merchandising. We strongly recommend the enactment of H.R. 12322 in its present form, without amendment. Passage of this legislation is vital to the successful marketing of the American cotton crop.

We hope these views will be made a matter of public record.

Sincerely yours,

PLAINS COTTON COOPERATIVE ASSOCIATION.
DAN DAVIS,
General Manager.

STAMFORD, TEX., *April 20, 1966.*

Senator SPESSARD L. HOLLAND,
Senate Chamber, Congress of the United States,
Washington, D.C.

DEAR SENATOR: Cotton producers in the rolling plains of Texas wish to submit the following statement for the record regarding the Cotton Research and Promotion Act (H.R. 12322):

The Rolling Plains Cotton Growers is a producer organization representing a geographical area of 31 counties in the rolling plains of Texas. There are approximately 21,000 farmers with a total cotton allotment of some 1,258,437

acres (7½ percent of the total U.S. allotment) in the rolling plains area. The average production for the past 3 years in the section is approximately 500,000 bales. The 1965 production was 623,168 bales with the value of $97,837,376 to the rolling plains area. Cotton is vital not only to the farmers of the area but also to the economy of the other 540,000 people in rural areas.

The board of directors of our organization (composed of two producers from each county) discussed at length merits of the Research and Promotion Act at our last board meeting and overwhelmingly endorsed the passing of the act by Congress in order to permit cotton producers to decide in referendum if they wish to assess themselves for research and promotion as a means of building larger markets for cotton. We feel very strongly that cotton farmers, and only cotton farmers, should be given the opportunity of supporting or rejecting this bill.

We ask that the bill be enacted into law as passed by the House with no additional amendments.

Respectfully,

CHARLES W. STENHOLM,
Executive Vice President, Rolling Plains Cotton Growers.

VICTORIA, TEX., *April 20, 1966.*

Senator SPESSARD L. HOLLAND,
Chairman, Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices,
Senate Office Building, Washington, D.C.

DEAR SENATOR HOLLAND: The South Texas Cotton Improvement Association, covering 20 South Texas counties with 500,000 bale production and representing over 5,000 cotton producers, wishes to register strong support for the Cotton Research and Promotion Act now under consideration by your subcommittee.

We request that this letter be made part of the official records of the hearings you will hold on this bill. H.R. 12322 is a good bill as passed by the House and we sincerely recommend the committe report this bill as was passed by the House without any amendments.

As we have stated many times, this is a self-help program so vitally needed for our cotton industry. All haste should be exercised to insure its passage at an early date if we are to effectiuate this program in south Texas this year.

If there is any assistance we might render you or your committee in moving this piece of legislation along, please do not fail to call on us.

Very truly yours,

ROBERT W. HEARD,
Executive Director, South Texas Cotton Improvement Association.

EL PASO, TEX., *April 5, 1966.*

Hon. SPESSARD L. HOLLAND,
U.S. Senate, Washington, D.C.

DEAR SENATOR HOLLAND: We are pleased to see that the Cotton Research and Promotion Act, H.R. 12322, has been assigned to your subcommittee, especially in view of your experience and interest in handling similar legislation. Your assistance in scheduling committee hearings on the bill and then sending it to the floor of the Senate for vote as soon as possible will certainly be appreciated.

The cotton industry needs this bill in effect for the 1966–67 cotton crop and time is running short for holding the necessary referendum after the bill is approved by Congress.

Our association represents about 1,500 cotton producers in west Texas, New Mexico, and eastern half of Arizona. Our board of directors is on record with a unanimous resolution favoring this legislation.

Altough I live in Texas, I do have a visual acquaintance with you. I attended the National Cotton Council meeting in Jacksonville last February and enjoyed very much the address you gave to the convention at that time.

We respectfully request your help in securing Senate approval of this legislation.

Yours very truly,

EDWARD BREIHAN,
General Manager, Southwestern Irrigated Cotton Growers Association.

DALLAS, TEX., *April 15, 1966.*

Hon. SPESSARD L. HOLLAND,
Chairman, Subcommittee on Agricultural Production, Marketing and Stabilization of Prices, Senate Office Building, Washington, D.C.

DEAR SENATOR HOLLAND: It is our understanding that H.R. 12322, the Cotton Research and Promotion Act, will be considered by your committee through open hearings on April 25 and 26, 1966. The Texas Cotton Ginners' Association, representing 77 percent of the entitre ginning industry in this State, solidly supports this legislation. In our opinion, there is or should be no doubt in anyone's mind as to the need for this legislation. It follows a pattern of self-help authorized for many other agricultural commodities and it provides for growers to determine for themselves whether or not they would like to contribute $1 per bale to be used solely for cotton research and promotion. The act would, in our opinion, provide the necessary mechanism for farmers to accomplish this end.

We are told that representatives of the National Cotton Council of America and the Cotton Producers Institute will testify in person before the committee on the above dates. We are further informed that it is now contemplated that Mr. Roy Forkner, of Lubbock, Tex., will be one of those to testify and as a CPI founder and director. We wish to endorse Mr. Forkner's views and to further point up that Mr. Forkner is a ginner leader of many years and a past president of this association, and as such he will be speaking for us also. We urge your committee's approval of this legislation without amendment.

We respectfully request that this letter be made a matter of record and become a part of the testimony of the hearings.

Sincerely yours,

EDWARD H. BUSH,
Executive Vice-President, Texas Cotton Ginners' Association.

LUBBOCK, TEX., *April 1, 1966.*

Hon. SPESSARD L. HOLLAND,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HOLLAND: I wish to inform you of the following resolution recently passed by our board of directors:

"The Texas Independent Ginners Association recognizes that cotton must have a much stronger program of research and promotion if it is to successfully compete with other fibers, and therefore we endorse the Cotton Research and Promotion Act now before the Congress as a practical means of enabling growers to make for themselves the decision on research and promotion assessments, and for the establishment of a uniform collection procedure."

Our association believes the passage of this legislation in this session of Congress is of paramount importance in order that the cotton producer may be given the opportunity to decide for himself the course of action he wishes cotton research and promotion to follow.

Please consider this letter to be our formal statement to your Senate Agriculture Subcommittee.

Sincerely yours,

DONALD G. SMITH,
Executive Vice President, Texas Independent Ginners Association.

STATEMENT OF CHARLES R. SAYRE, COTTON PRODUCERS INSTITUTE OF MISSISSIPPI, GREENWOOD, MISS.

Senator HOLLAND. The next witness is Mr. Charles R. Sayre.

Mr. Sayre, will you proceed, please, sir.

Mr. SAYRE. Mr. Chairman, I am C. R. Sayre, president of Staple Cotton Cooperative Association, a cotton marketing organization with 4,500 producer members, headquartered at Greenwood, Miss. We handle some 800,000 to 900,000 bales of cotton annually for our membership in Arkansas, Louisiana, and Mississippi.

In behalf of the Staple Association, I would like to submit for the record a written statement on the action taken by our directors in support of H.R. 12322.

Senator HOLLAND. Without objection, the written statement will be incorporated in the record.

(The statement referred to follows:)

STAPLE COTTON COOPERATIVE ASSOCIATION,
GREENWOOD, MISS., *April 22, 1966.*

Senator SPESSARD L. HOLLAND,
Chairman, Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices,
Senate Committee on Agriculture and Forestry,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HOLLAND: This opportunity to express the views of Staple Cotton Cooperative Association is greatly appreciated. The following resolution was unanimously passed by the board of directors of this association at their regular meeting, April 13, 1966:

"*Resolved*, That the cotton research and promotion bill, passed by the House of Representatives, should be approved by the U.S. Senate and promulgated as law. We believe the future of markets for cottons from this area depend upon passage of this act and its careful administration by cotton growers, with the Government helping from the standpoint of uniform pay-ins per bale."

This association was formed in 1922 for the primary purpose of providing an effective marketing medium for the cotton produced by the farmers of our area. Currently, the Staple Cotton Cooperative Association handles more than two-thirds of the Mississippi Delta cotton crop and also serves farmers in Arkansas and Louisiana.

Reductions of cotton acreage in the United States to a 5 or 6 million level per year would mean some 9 to 10 million acres of highly productive land released for the production of a wide range of crops with serious disruptive influences upon the market structure for several of these production alternatives.

The cotton farmers of the Mississippi Delta have strongly supported the Cotton Producers Institute program and this program has demonstrated what can be done to improve cotton's competitive position through promotion and research. It has become clearly evident, however, that funds for an effective program of the needed scope and magnitude cannot be provided without a uniform collection plan as made possible by H.R. 12322.

As a cotton marketing organization representing cotton farmers and concerned with selling cotton to textile manufacturers, we are in a position to appraise cotton's competition and we are alarmed by the fact that cotton is being displaced in many end uses by manmade fibers. Cotton's share of the fiber market is moving downward even though consumption increased 1 pound per capita—1965 versus 1964—to a 23-pound level. During the same period synthetic fibers increased 2.2 pounds per capita.

Cotton is a better and more versatile all-round fiber than anything that man has been able to produce through chemistry; however, we are being outresearched, outpromoted and outsold through the techniques of modern advertising. Our markets are being bought from under us by massive promotion and research efforts.

We are asking Congress to provide a framework through which cotton farmers can finance for themselves and operate an effective cotton research and promotion program. Our markets and our future are at stake.

At the request of the board of directors, Staple Cotton Cooperative Association, the above is hereby submitted for the record of the hearings on the proposed cotton research and promotion legislation.

Respectfully yours,

J. R. FLAUTT,
Vice President, Staple Cotton Cooperative Association.

Mr. SAYRE. I also am here as a trustee of the Cotton Producers Institute and a member of its executive committee. It is for the trustees that I now testify.

In Mississippi and in other parts of the Cotton Belt, word is being deliberately spread that H.R. 12322 is a politically motivated piece of legislation, originated by Government officials for the purpose of dominating the American cotton industry.

My purpose in being here is to establish the fact that this whole proposal was originated by and for cotton producers, and by no one else. There is not, and has never been, any political motivation involved. This matter was not even presented to the Secretary of Agriculture by the cotton producers until last November 15.

The idea of a producer-financed and producer-controlled program of research and promotion is by no means new. It began to take form in the early part of 1960, when the producer delegates of the National Cotton Council held a special meeting in Dallas. This was a meeting of producers only. No other group in the council was present.

At this meeting, producers recognized that the council's efforts in research and promotion—good as they were—had to be greatly reinforced to meet the challenge from manmade fibers. They also agreed that the producers could rely on no one except themselves to get this job done.

A special beltwide producer committee—on which I served—was appointed to develop a mechanism through which we could build a grower-financed program of research and promotion. The mechanism we put together was the Cotton Producers Institute. Our finance goal was $12 to $15 million a year. The program was geared to to the following principles:

(1) Producer financing, at the rate of a dollar a bale, would be on a voluntary basis.

(2) Because of the vast number of producers, the only practical way to collect the money was to utilize processor-handler firms where cotton became concentrated.

(3) The money should strictly be used for research and promotion, and not for legislative or political activities.

(4) Control of the program should be in the hands of producers.

(5) The State or area producer organizations should select the governing body of the Cotton Producers Institute.

(6) Each producing State should have representation on the governing body in ratio to the funds it contributes.

Gentlemen, the bill before you—which is purely and simply aimed at providing a great expansion of the work done by CPI—embraces every one of these principles which were established back in 1960.

Senator Holland. Just a moment. I understand item 6 to mean that the voting power of the members of the governing board would be in proportion to the contribution from the State represented by the members, is that part of the bill before us?

Mr. Sayre. Yes, sir. Under the bill representation on the Cotton Board, and also on the cotton producer organization with which the Board contracts, must reflect, to the extent possible, the proportion which each State's marketings of cotton bears to the total marketing of cotton in the United States. In the case of the cotton producer organization, but not in the case of the Cotton Board, representation is subject to adjustments to reflect lack of participation in the program by reason of refunds to producers. Representation on the Cotton

Board would therefore be generally related to State contributions, while representation on the cotton producer organization would be still more closely related to State contributions.

In the case of the Cotton Board, but not in the case of the cotton producer organization, each cotton-producing State as defined in the bill would be guaranteed at least one representative.

What we are asking you to do, in essence, is to give us a mechanism which will allow us to reach the objective that we set for ourselves 6 years ago.

We have now had several years of experience with CPI, and we know two things for sure. First, we know that we are getting wonderful results from the $3 million a year program we have already built. Second, we know that we cannot even maintain the program, much less expand it to the necessary level, with our present finance approach.

As things now stand, we have to rely on the cooperation of handlers to collect the money. Most handlers want to cooperate. But there are always a few who will refuse to collect the dollar a bale to gain an advantage over their competitors.

For example, it takes just one ginner, offering to handle cotton a dollar a bale cheaper—without ever mentioning CPI—to break down the program in a whole area.

This competitive factor among handlers is what has stymied our present finance approach. It is the one and only problem we have not been able to overcome. We have met repeatedly with key handler groups to try to work out some basis for resolving it. But try as we might, we have not been able to establish a uniform collection that would eliminate the competitive factor among handlers. That is why we have had to come to the Congress—to help us cope with a problem that is beyond our reach. We do not come as a matter of choice, but as a matter of necessity.

H.R. 12322 is a cotton producer bill. The trustees of Cotton Producers Institute voted unanimously to sponsor it last year. This action was supported by virtually all of the 2,000 key producer leaders attending CPI committee meetings across the Cotton Belt in 1965.

Many organizations, including the National Cotton Council, have thrown their support behind our proposal. Producer delegates to the council, voting separately from other interests, voted in favor of it by an overwhelming majority of 43 to 7.

My purpose in going into this detail is to make it abundantly clear that H.R. 12322 comes to you from producers, with a tremendous base of producer leadership behind it.

If we could achieve our goal in research and promotion without coming to the Government, that is what we would prefer to do. Obviously, the administration of the program would be simpler if the Government were not involved.

But we do not anticipate—we do not fear—any undue complications because of the Government's involvement. We think the Government will do just what it has done under other marketing order programs over the last 29 years; and that is to allow producers to run their own program, so long as they spend the money for the purposes intended.

Those of us in the cotton industry have had some experience in operating a promotion program paid for entirely by the Government.

As a former director of Cotton Council International—which developed foreign cotton promotion through use of Public Law 480 funds—I can testify that our relationships with Government officials were excellent.

Cotton Council International developed and supervised the promotion program. The Government officials did only what they were required to do. They reviewed our plans to see that they were well conceived and well carried out. They have approved—and praised—our plans and our performance in the field of international promotion.

Now, if we can operate a program of this kind successfully—one which is paid for exclusively with Government money—why should we fear Government interference in a program paid for exclusively with the cotton producer's own money?

Under our proposal, the research and promotion program we develop would be subject to approval by the Secretary of Agriculture. But this does not worry us. We intend to operate the kind of program that any Secretary of Agriculture will be pleased and proud to approve.

In closing, I would like to review briefly the organizational support for H.R. 12322 in our area, the Mississippi Delta. I have already mentioned the endorsement of the Staple Cotton Cooperative Association. In addition, the board of directors of the Delta Council of Mississippi, with 3,500 members in the 18 delta and part-delta counties of our State, which produced 1,442,000 bales of cotton last year, has endorsed the need for and provisions of this legislation.

Since this legislation was introduced in the House, 11 of the principal delta counties in Mississippi have held meetings of their county farm bureau boards of directors. Every one of these county farm bureau boards has approved this legislation and recommends its passage. These 11 counties produced 1,191,000 bales of cotton last year.

So you gentlemen can see that there is a tremendous solidarity of producer organizational support at the county and farm level in our area. I am sure this is because of our vital financial dependence on cotton, and, therefore, our keen appreciation of its problems and needs.

In behalf of the producers I represent, I urge you to approve our bill and to seek swift passage in the Senate, so that we can get on with the vital task of making cotton truly competitive in research and promotion.

With your permission, I would like to add two brief comments. One is the need for reasonable but rapid consideration of the proposed program. It needs very much to be applicable to the 1966 crop. Actually we cannot afford to continue to lose markets at the rate of 1 million bales a year to these noncellulosic fibers, Senator Jordan, which you have witnessed during the past 2 years.

I would like, too, to comment, if I may, on the prior discussions of some of the aspects of the growers being able to ask for a refund. In the early development of this proposed legislation, the Cotton Producers Institute did not include in their proposals the idea that there should be privilege for requesting a refund, but on the advice and counsel of several producer groups, who have been operating uniform payment programs in cotton with cottongrowers, such as the 50-cents-a-bale program for boll weevil control and, in a sizable part of Texas, they have found that their requests for refunds have not been in excess of 3 percent with the experience under that program.

We felt, too, that there were some who feel that a strictly mandatory program would not fit the general idea of the experiences that were had under some of the State promotion programs under State marketing orders, such as your swine program, Senator Jordan, in North Carolina.

And finally, as you know, each of you, this legislation is not proposed under the Marketing Agreements Act, but is proposed under separate type of authority, and therefore it should not set a precedent for programs that are under the Marketing Agreements Act, in my opinion.

Thank you very much.

Senator HOLLAND. Thank you, Mr. Sayre.

Any questions, Senator Jordan?

Senator JORDAN. No thank you.

Senator HOLLAND. The next witness is Mr. Bruce Lynn, vice president of the Cotton Producers Institute of Louisiana.

Have a seat, sir.

STATEMENT OF BRUCE LYNN, COCHAIRMAN, LOUISIANA STEERING COMMITTEE, COTTON PRODUCERS INSTITUTE, GILLIAM, LA.

Mr. LYNN. Mr. Chairman, I am Bruce Lynn, of Gilliam, La. My appearance here today is to present testimony in support of H.R. 12322, both as a farmer who makes his living from raising cotton and in my capacity as cochairman of the Louisiana Steering Committee of the Cotton Producers Institute.

When the idea of the CPI research and promotion program was brought up in Louisiana, farmers responded with a great deal of enthusiasm. The Louisiana Farm Bureau authorized the appointment of a committee; the committee studied the matter closely; and it approved CPI as a vital adjunct to the business of farming cotton. In the beginning, collection of funds made steady progress. Farmers were highly pleased with the way their money was being put to work. Then the problem of getting a uniform collection by all gins began to get complicated because of the competitive factor in businesses of their type. The result was a drop in collections.

However, I want to stress that our experience to date in Louisiana has convinced me of this fact—that the great majority of farmers still have their enthusiasm for the objective of the CPI. They understand the situation facing cotton and are willing to do more to help themselves.

Even growers who have not participated in CPI to date have indicated they are ready to pay their part. They are willing to do this if a collection system can be devised whereby all farmers can be offered a practical way to carry their share of the load.

Many of us would prefer to do this job on our own without asking for help. But we have tried to do the job—we have worked at it for the past 2 years in Louisiana. The only roadblock we have encountered has been the competitive factor of one gin collecting and encouraging growers to participate, and another gin using this as a competitive factor and in effect creating the impression that they were ginning for $1 a bale less. We feel strongly that a uniform collec-

tion will eliminate this problem, and that the refund provision will still keep the program voluntary.

Our lack of success in building a greatly expanded research and promotion program for cotton has been—and still is—of great concern to us. We are deeply concerned about the effect which the reduction in acreage this year will have on the economy of our State and communities.

When our acreage and volume are reduced, our unit production costs are increased. Not only cotton farmers but others in the raw cotton industry, as well as the firms which supply and service the industry, will feel the impact of the reduction.

Members of the CPI steering committee in Louisiana felt that something had to be done to establish uniformity of collection of research and promotion funds. After thoughtful and careful consideration, we endorsed the basic approach provided for in the legislation now under consideration. We have participated with other cotton farmers across the belt in the development of this proposal and are confident that it provides the answer to our problem.

We know we must provide funds for increased research and promotion if we are to combat successfully the threat to our markets and incomes from the producers of synthetic fibers.

As cotton producers, we also know this is something we must do ourselves. We welcome the support and backing of other segments of the industry. However, we have the most to gain—or the most to lose—from the rise or fall of cotton. I have heard a few suggestions that the textile mills should be forced to finance a part of this program. Even though mill profits will expand as a result of greatly stepped up research and promotion for cotton, forcing them to participate in this program will play into the hands of cotton's competition.

As this committee knows, the textile mills use all types of fibers including the synthetics. One of the main reasons the mills have been switching so rapidly to manmade fibers is because of the tremendous programs of research and promotion now being supplied by the synthetic producers as a service to the mills. To force these same mills to pay for the same kind of program on the cotton they use could not possibly have any effect except to further accelerate their switch to synthetics.

Providing funds to develop better products and to promote them more effectively is the primary responsibility of cotton farmers.

We urge you to provide us the opportunity to let the farmer decide for himself, by referendum, whether or not he wants to pay his share of this program.

Senator HOLLAND. Thank you very much, Mr. Lynn. I have no questions. Thank you, sir, very much. This concludes the list of witnesses that I have for today.

Mr. BUCK. This is in regard to the status of the $10 million cost program and the breakdown of the overall cotton cost-cutting research.

Mr. BLAKE. The figures you asked this morning, Senator that we supply for the record.

Senator HOLLAND. Let me read these figures into the record to see that we get them right. I see they are so stated here that they need a little explanation. If I understand it, this is the résumé of the prog-

ress made thus far in going ahead with the authorized $10 million cost-cutting cotton research program.

Mr. Buck. Yes, sir.

Senator Holland. This much has been appropriated for the program: $1 million for State experimentation research. That is under the cooperative program, is it?

Mr. Buck. That is correct, sir.

Senator Holland. $1,160,000 for the ARS research program. That is the Federal research program.

Mr. Buck. Yes, Agricultural Research Service.

Senator Holland. And $525,000 for?

Mr. Buck. Economic Research Service.

Senator Holland. For economic research studies. That was last year, was it not?

Mr. Buck. In fiscal 1965, Senator, there was $2 million in all put in.

Senator Holland. By the committee.

Mr. Buck. By this committee; originated here.

Senator Holland. No, by this Appropriations Committee.

Mr. Buck. Yes.

Senator Holland. The Senate Appropriations Committee.

Mr. Buck. Yes.

Senator Holland. And the budget included nothing.

Mr. Buck. That budget including nothing.

Senator Holland. And that $2 million; how did they distribute that and how has it been used?

Mr. Buck. And that $2 million was broken down this way: $1 million for research by the Agricultural Research Service, plus $160,000 additional for work on boll worm virus. Then there was $240,000 for planning new research facilities, seven of those; and then the balance of $600,000 was for Economic Research Service to make studies on the cost of production and to develop a cost of production index.

Senator Holland. That $2 million was applied totally in fiscal 1965, was it?

Mr. Buck. That is correct.

Senator Holland. Now in fiscal 1966.

Mr. Buck. In fiscal 1966 the budget contained no increases except funds for two of the laboratories which were planned.

Senator Holland. That is the $3 million.

Mr. Buck. Well, it only contained funds for two of those; for a cotton disease laboratory in Texas and for a ginning laboratory in Mesilla Park.

Senator Holland. The committee added considerable to that.

Mr. Buck. The committees added $1 million for the State experimentation station, and the total of $2,760,000 to complete the laboratories. This was all done.

Senator Holland. All done by the committees.

Mr. Buck. Yes.

Senator Holland. That is the Appropriations Committees of the two Houses.

Mr. Buck. That is correct, sir.

Senator Holland. So that the Department itself was not the moving party in that part of the program that was appropriated for last year.

Mr. Buck. That is right.

Senator Holland. Now for this year the items that you have recited here totaling $2,685,000 comprises the budget requests.

Mr. Buck. That is correct.

Senator Holland. And that is made up of $1 million for the State experimentation research, $1,160,000 for the Agricultural Research Service, that is the Federal research.

Mr. Buck. That is correct.

Senator Holland. And $525,000 for the Economic Research Service study.

Mr. Buck. That is correct.

Senator Holland. Am I correct in my conclusion that out of the $10 million authorized, the Senate and the House Appropriations Committees of the two bodies have moved much more rapidly toward the providing for that program than the Department?

Mr. Buck. I am not in a position to know whether it is the Department or the administration, because when the budget comes up here——

Senator Holland. All you know is that the budget covered nothing like the amounts which we stated.

Mr. Buck. That is correct.

Senator Holland. And which have been provided by the Congress.

Mr. Buck. Yes.

Senator Holland. You also have a list here of all cotton research approximated for fiscal 1966, which includes cottonseed, and, as I understand it here, the U.S. Department of Agriculture has $14.25 million overall for fiscal 1966 which includes $2,760,000 for construction.

Mr. Buck. That is right.

Senator Holland. And the States have provided $6 million which includes the Federal grants to the State stations for cooperative work.

Mr. Buck. That is correct.

Senator Holland. And the allied industries have put up $4.5 million.

Mr. Buck. That is our best estimate, Senator.

Senator Holland. That includes the CPI and the other programs?

Mr. Buck. No, sir. This $4.5 million is our estimate of research on cotton by chemical firms, by farm-equipment manufacturers, by gin machinery manufacturers, and so forth.

Senator Holland. And then this last figure of $1.75 million for cotton industry.

Mr. Buck. That is CPI and the National Cotton Council.

Senator Holland. That includes all of the voluntary efforts of the cotton industry about which you know. Those figures, $14.25 million including $2.76 million for construction, $6 million including the Federal grants and the State funds, $4.5 million from allied industries, and $1.75 million from the cotton industry itself, all of this pertaining to the total of cotton research provided for in fiscal 1966.

(The table referred to above follows:)

Special $10,000,000 cost-cutting cotton research program

Appropriated for—	
SES research (State experiment stations)	$1,000,000
ARS research	1,160,000
ERS studies	525,000
Construction	+3,000,000
Total in fiscal 1967 budget	2,685,000

All cotton Research (approximate)—fiscal 1966

USDA (includes cottonseed)	[1] $14,250,000
States (includes cottonseed)	[2] 6,000,000
Allied industries	4,500,000
Cotton industry	1,750,000

[1] Includes $2,760,000 construction.
[2] Includes Federal grant.

Mr. BLAKE. That is the total of $26.5 million we gave you this morning, the total being spent for cotton research from all sources.

Senator HOLLAND. In other words, that is the $26.5 million which was shown on one of your charts this morning?

Mr. BLAKE. Yes, sir.

Senator HOLLAND. Thank you very much.

All right, gentlemen, we will recess until 10:00 in the morning.

(Whereupon, at 4 p.m., the committee recessed, to reconvene at 10 a.m., Tuesday, April 26, 1966.)

COTTON RESEARCH AND PROMOTION ACT

TUESDAY, APRIL 26, 1966

U.S. SENATE,
SUBCOMMITTEE ON AGRICULTURAL PRODUCTION,
MARKETING AND STABILIZATION PRICES OF THE
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:15 o'clock a.m., in room 324, Old Senate Office Building, Senator Spessard L. Holland (chairman of the subcommittee) presiding.

Present: Senators Holland, Jordan of North Carolina, McGovern, Montoya, Mondale, Aiken, Young of North Dakota, and Cooper.

Also present: Senator Murphy.

Senator HOLLAND. The subcommittee will please come to order. The first witness on the list is Mr. Charles Shuman, president of the American Farm Bureau.

Mr. Shuman, just have a seat here, please.

STATEMENT OF CHARLES B. SHUMAN, PRESIDENT, AMERICAN FARM BUREAU FEDERATION

Mr. SHUMAN. Thank you, Mr. Chairman.

Senator HOLLAND. Mr. Shuman, we are glad to have you and you may proceed as you wish.

Mr. SHUMAN. Mr. Chairman and members of the committee, we have a prepared statement. I will read it first, and then we have several supplementary statements that we would like to present from State Farm Bureau officers. On behalf of the American Farm Bureau Federation, which represents 1,677,820 paid-up member families in 49 States and Puerto Rico, I want to express my appreciation for the opportunity to appear before this committee with respect to the provisions of H.R. 12322.

Farm Bureau is a voluntary, nongovernmental organization wholly controlled by its members. It is financed by membership dues. It is organized to provide a means through which farmers can work together toward the goals upon which they agree.

It represents farmers from every part of the country; producers of every kind of agricultural commodity. The policy resolutions that guide Farm Bureau during the year are developed through a program featuring individual member participation and including study, discussion, and development of policy recommendations at local, county, State, and National meetings.

This past December recommendations from the respective State meetings were considered by a national resolution committee made up

of elected representatives of every Farm Bureau. Then they were considered, amended, and adopted by the elected voting delegates of the member State Farm Bureaus at the 47th annual meeting of the American Farm Bureau Federation.

Before I discuss the specific provisions of the legislation currently under consideration, I should like to review briefly our policies in recent years with respect to Government policy as it relates to cotton.

We supported the Agricultural Act of 1958. We still support the basic principles of that legislation.

In contrast, we have opposed vigorously the application of the compensatory-payment concept to agriculture. We have contended that this road leads inevitably to lower per family farm income and increased dependence by farmers on governmental action. In 1963, when it was proposed that the compensatory payment concept be applied to cotton, we made crystal clear our belief that payments to the textile mills would be temporary and that such payments soon would be transferred to producers, instead. What happened in this regard is now a matter of record.

All who care should anticipate the next inexorable step—that is, limitations on payments—in other words, political rationing on an equitable basis (one share, one vote) of the more limited funds likely to be available in the future.

My point is that the determination to go the payment route—which action was supported by many of the people promoting the checkoff proposal provided in the bill now before your committee—set in motion forces which almost certainly guarantee the transformation of the traditional cotton price support program into what will be largely a welfare-type program. The fact that many don't as yet fully understand this doesn't alter the realities of the situation.

I do no review this recent history to stir up the ashes of past controversies. Instead, I do it to remind the committee of our continuing desire to understand—and to help you fully comprehend—the eventual implications of the choices you are called upon to make in precedent-setting legislation.

The bill H.R. 12322, now before this committee would, if enacted, have far-reaching implications for the future of agriculture.

We shall not review in detail our longstanding interest in, and support of, research. Without exception, Farm Bureau has been in the thick of every major effort to strengthen agricultural research.

Our member State units have actively supported the State legislative actions that have been necessary to enable the respective States to carry their part of the cooperative Federal-State research programs.

Likewise, it is unnecessary I am sure to review in detail Farm Bureau's longstanding interest in, and support of, the work of the National Cotton Council. In accordance with our general philosophy on research and promotion, Farm Bureau leaders took part in the organization of the National Cotton Council, and have continued to take an active part in this organization throughout its history. Farm Bureau leaders have been among the strongest advocates of increased funds for the council, and were leaders in the movement which established the Cotton Producers Institute a few years ago to raise additional funds from producers for research and promotion in behalf of cotton. In

fact, we have often pointed to the work of the National Cotton Council as a splendid example of how an industrywide commodity organization should function.

With respect to the whole matter of promotion of agricultural commodities, Farm Bureau has a long record of experience. At our most recent annual meeting—December 1965—the official voting delegates adopted the following resolution on this subject:

PROMOTION OF AGRICULTURAL COMMODITIES

We urge increased support for voluntary promotion programs.

The American Farm Bureau Federation, through State and county farm bureaus, should stimulate interest among farmers and urge increased support for sound, well-coordinated programs to promote the increased sale and consumption of farm products without duplication of effort.

Where well established, nationally recognized organizations are carrying out industrywide promotion programs on a well-coordinated national basis with adequate producer representation, we continue to support and help improve them.

Promotion programs need periodic review to determine their effectiveness. Participating producers and their organizations should be encouraged to seek an evaluation of these programs and to recommend improvements.

We believe that any funds raised for the purpose of promoting the sale of farm commodities should be collected on a voluntary basis, administered by a nongovernmental organization of producers—with handlers and processors included where it is mutually agreed that they should be included—through its board or committee, and used solely for the specific purposes for which collected and not for legislative or political activities.

We define a voluntary checkoff as one which leaves producers free to refuse to contribute or enables them to obtain the refund of any assessments, collected by the voluntary action of market agencies. The procedure for obtaining refunds should not be so burdensome as to have the practical effect of depriving individual producers of the opportunity to obtain refunds.

H.R. 12322 is contrary to this statement of policy in two most important respects:

1. Whereas our policy supports voluntary programs administered by "nongovernmental" organizations of producers, this bill clearly provides for the creation of what amounts to a governmental organization of producers. This would take the Government into a new area of control over farmers and their activities.

The amount of authority that would be given to the Secretary of Agriculture by the enactment of H.R. 12322 is unprecedented.

I should like to enumerate some of the added authority that would be given to the Secretary if this legislation were to be enacted.

(1) The Secretary would have discretion whether or not to consider establishing an order; that is, the Secretary is not required to call a hearing even if a certified producer organization petitions for one.

If the Secretary decides to issue an order, the order can specify the plans and projects which may be authorized by the newly created Cotton Board.

The Secretary can require that any class of handlers keep and produce to the Cotton Board or to the Secretary books, records, and reports as he may deem necessary.

The plans for advertising, promotion, or research must be submitted for approval to the Secretary.

The budget on a project basis must be submitted to the Secretary for approval.

The contract which the Cotton Board proposes to enter into with the producer organization is subject to approval by the Secretary.

(2) The initial rate of assessment in an order issued by the Secretary must be $1 per bale, but this assessment can be increased by amending the order (amendments to the order are subject to referendum).

The Secretary is authorized to sue for assessments.

A producer may obtain a refund of the assessment if he makes such demand personally in accordance with the regulations prescribed by the Board and approved by the Secretary.

(3) The Secretary appoints the members of the Cotton Board. Organizations certified by the Secretary are permitted to make nominations, but the Secretary can appoint from outside such nominations if he feels that this is desirable.

(4) The Secretary may terminate the order or any position of the order without referendum.

A majority of producers cannot terminate an order unless they grow a majority of the cotton produced by those voting in the referendum.

2. The effect of this bill, if enacted, would be to make the program largely compulsory rather than voluntary.

No legislation is needed for a truly voluntary program, and the only purpose of enacting legislation in this field is to compel participation. While refunds would be authorized for producers who request them, handlers would be required to collect the proposed assessment. Producers who do not wish to contribute apparently would be required to file separate refund claims each time they sold cotton—or at least for each sale not made within the period available for requesting refunds on a previous sale. Refund requests would have to be made "on a form and within a time period prescribed by the Board and approved by the Secretary." Such provisions obviously are intended to have a coercive effect. The refund procedure would be particularly burdensome for small producers. There is not even an assurance that the proposed "form for refund requests would be made readily available to all producers subject to the checkoff."

The referendum procedure provided in this bill would enable a minority of the producers to impose a sales tax on raw cotton on all cotton producers. This is made possible by the authorization for the Secretary to determine the outcome on the basis of volume.

Such voting procedure has far-reaching implications. It would enable a few large cotton producers to literally overwhelm thousands of small producers in the referendum to determine whether or not a checkoff would be put into effect. For example—

In Arkansas, 19 percent of the farms accounted for 71 percent of the cotton production.

In California, 23 percent of the farms accounted for 79 percent of the cotton production.

In Louisiana, 18 percent of the farms accounted for 69 percent of the cotton production.

In Mississippi, 16 percent of the farms accounted for 70 percent of the cotton production.

In Oklahoma, 33 percent of the farms accounted for 77 percent of the cotton production.

And in Texas, 28 percent of the farms accounted for 79 percent of the cotton production.

The 18 largest cotton farms in California produced 254,489 bales, or 54,816 bales more than the 45,404 smallest cotton farms in Mississippi.

Senator HOLLAND. From where are these statistics obtained, Mr. Shuman?

Mr. SHUMAN. This is from the U.S. Department of Agriculture.

It is indefensible to permit a volume vote without definite assurance that producers who vote "yes" will not subsequently yield to the temptation to seek refunds—particularly where large amounts are involved. Incidentally, there is no requirement that the referendum be conducted by secret ballot.

Many of the proponents of this legislation contend this proposal is voluntary and nongovernmental. In this connection, I would call your attention to the "penalty provision" in H.R. 12322:

> Any handler who willfully violates any provision of any order issued by the Secretary under this act, or who willfully fails or refuses to collect or remit any assessment or fee fully required of him thereunder, shall be liable to a penalty of not more than $1,000 for each such offense which shall accrue to the United States and may be recovered in a civil suit brought by the United States.

The fundamental questions raised by this legislation are not new. Some of the members of this committee will remember a few years back—1957—when there was a drive on to get a legislated checkoff program for livestock to raise funds to promote red meat. You were told—and we were told—that there absolutely had to be checkoff legislation, and that the whole promotion program for red meat would be lost if legislation weren't passed, immediately. As a member of the board of directors and executive committee of the National Livestock & Meat Board, I know something of what has happened in the interim period. Progress continues to be made in perfecting a comprehensive, voluntary and nongovernmental promotion program.

There are many advantages to truly voluntary programs. The voluntary approach provides a splendid opportunity for producers who are investing money in promotion to continuously reappraise the value received for the money invested. It encourages producers to feel a sense of responsibility for their program to take an interest in it and to see that they get their money's worth.

I realize that those who want to find an easy way to raise big money often prefer the compulsory approach. Similar arguments can be made—and are made in behalf of compulsory unionism. There is a much closer parallel in the rationale on which this legislation is based and the arguments made in favor of the repeal on section 14(b) of the Taft-Hartley Act than many of the supporters of this legislation probably would want to concede.

The voluntary approach promotes cooperation between farmers and between the producers and handlers of a commodity. The compulsory approach provided in this bill will promote controversy and dissension. Many cotton producers will want to know why no provision has been made for other cotton interest groups to bear a part of the load. The proposed referendum almost certainly would be preceded by a bitter and divisive campaign which would create lasting scars at a time when the cotton industry needs to units to solve its problems.

The thing that is most needed in the present situation with respect to research and promotion for cotton is for the Congress to make it clear that it does not intend to torpedo present voluntary promotion efforts and supplant them with a Government-directed project financed by means of a largely compulsory checkoff.

When that is done, I am confident that all of the groups interested in the survival of cotton as a healthy and dynamic industry will find ways and means of launching and financing needed research and promotion programs for cotton. In behalf of Farm Bureau members throughout the counrty—and especially in the Cotton Belt—I want to reassure this committee, and the proponents of this legislation, that we continue to stand ready to lend our full assistance to such an effort.

For the reasons stated herein, we respectfully recommend that H.R. 12322 not be approved.

We have an attachment A which compares the proposed cotton checkoff program with the existing marketing order program because this question has come up in previous discussions. It is only one page. Perhaps I should read it:

COMPARISON OF THE PROPOSED COTTON CHECKOFF WITH EXISTING MARKETING ORDER PROGRAMS

Some of the proponents of H.R. 12322 argue that the proposed checkoff program is similar to the marketing research and development projects which may be included in marketing agreement and order programs.

This is not a valid argument. There are a number of fundamental differences between the proposed cotton checkoff program and anything that can be done under the Agricultural Marketing Agreement Act. For example,

(1) The principal purpose of the Agricultural Marketing Agreement Act is to establish and maintain orderly marketing conditions for certain specified agricultural commodities. This is done through the regulation of the "handlers" as the commodities move to market.

The legislative history of the Agricultural Marketing Agreement Act indicates that the authority for marketing research and development projects is to be used as a supplement to a regulatory program under the act. The U.S. Department of Agriculture has stated that the act does not authorize the establishment of an order with marketing research and development as its only feature.

While projects of this nature are considered to be a supplementary part of a marketing order, H.R. 12322 would have as its sole purpose the establishment of a marketing order to collect money for financing research and promotion activities.

(2) The emphasis in the applicable provision of the Agricultural Marketing Agreement Act—section 8c(6)I—is on marketing research and development projects; paid advertising programs are not authorized except for a few designated fruits and vegetables. The terms of H.R. 12322 are much broader. This bill would authorize all types of research including production as well as marketing research. It also appears to contemplate a heavy emphasis on paid advertising.

(3) Marketing research and development projects that are carried on under Federal marketing orders are financed by a levy only on the handlers of the commodities. Producers are not subject to regulation under the Agricultural Marketing Agreement Act.

The proposed cotton checkoff program would be financed by a direct levy on producers only, with no financial contribution being made by handlers.

I appreciate this opportunity and will be glad to answer questions.

Senator HOLLAND. Mr. Shuman, I think this is a very clear statement, and I think it is consistent with the earlier actions of the organization that you represent. There are several questions though that I would like to ask. You recognize, of course, that the cotton industry

is in the worse shape of any of the basic agricultural commodities, do you not?

Mr. SHUMAN. Yes, sir. It has been in a very serious situation since certain legislative action was taken, and it is in a difficult situation. I don't believe that there is any indication in previous experience with other commodities though that you can research or promote or advertise your way out of the kind of difficulty which we have here. We need corrective legislation which will eliminate some of the mistakes of recent legislative action.

Senator HOLLAND. That brings me to my next point. This committee, of course, and the Congress have been sympathetic with the cotton industry in its desire for greater research and promotion both. This committee has gone a good deal further than the Department has in setting the $10 million authorized program for research in cost production control as you know.

Mr. SHUMAN. Yes.

Senator HOLLAND. Therefore, I think you know that this committee is sympathetic to the problem of the industry. Feeling that way, and recognizing that the industry is in more trouble than any other basic commodity, I would like to feel that your organization, which is the largest organization of agricultural producers, comes to the committee with an affirmative program rather than with a mere objection to this pending legislation, which I too think is subject to material objections.

What affirmative program does your organization present to this committee aimed at curing the ills of the cotton producers of the Nation in particular?

Mr. SHUMAN. Number 1, we are prepared to come before committees of Congress to recommend changes, we have recommended in this present session and we would expect to continue to come before committees of Congress to request changes in legislation which we believe have been wrong in the past and have been some of the basic causes of the present difficulty in cotton.

Second, we have supported and will continue to support aggressively the policies for increased research by the Government agencies, the U.S. Department of Agriculture, and in the cooperative projects with the State agricultural experiment stations. We have supported the substantial increases that have been made and we are prepared to support additional increases in research funds.

Third, we have and our State organizations, the American Farm Bureau and State organizations have gone all out in support of the good work of the National Cotton Council in research and promotion. They have been, through the voluntary program of the Cotton Council, using funds which have been well used we think. And we have supported the Cotton Producers Institute, which was the additional approach toward getting more funds, and was established to get additional money from producers themselves. The National Cotton Council is supported by the industry as well as by producers. We were prepared and offered to the National Cotton Council and the cotton producers instituted to go into a State-by-State program of really getting this program well financed. There is every indication that it could be done on a voluntary basis, because they have received support to the extent of $2½ to $3 million per year, and there is no

reason why this cannot be materially expanded, and in our judgment we could secure on a voluntary basis, with the present supports we have and what we could get if we really went out to get it on a voluntary basis, we could get as much or more money than they will net under this proposed legislation.

So our program is a positive program. I don't know why the folks in the Cotton Council organization decided to go the compulsory route. I suppose they have their reasons. But we believe that the voluntary approach was not adequately explored for the Cotton Producers Institute, and if given a little more time we could do a better job.

Senator HOLLAND. Are you prepared to throw all of the resources and activities of the American Farm Bureau behind the voluntary, the few voluntary programs now existing and which haven't up to now made available more than the sum as I remember it of close to $6 million at the most, and it is reduced some, well below that at this time.

Mr. SHUMAN. Yes, we would be prepared to cooperate completely and do everything we possibly can. We have some other activities we have to carry on, but to the extent of our ability we would cooperate. And I am sure that our State farm bureaus would all become active.

But the last 2 years we have just been making time. We have made repeated offers to the National Cotton Council and the Cotton Producers Institute to sit down together with other groups in the cotton industry and plan an aggressive program, and we believe that if it was properly planned and enough effort put on it, we could increase this perhaps double.

Senator HOLLAND. You spoke of your State organizations. Is the policy of the national organization practically and aggressively backed by the State organizations in the principal cotton-producing States?

Mr. SHUMAN. Yes. This position was taken by unanimous action at our voting delegates session. We had only two States that filed an exception. We have a procedure whereby a State farm bureau if it does not agree with action taken at the national convention by the voting delegates, can file an exception. We had two exceptions filed, New Mexico and Georgia. In the case of New Mexico, I have received a letter from the president of the New Mexico Farm Bureau some time ago in which he said that while they filed exception—I guess I didn't receive a letter. He advised me personally that while they took exception to the position of the American Farm Bureau, they did not support this present legislation, because it was not in accord with their policies.

Now there has been a lot of activity where the National Cotton Council and the Cotton Producers Institute have been trying to switch the position of the county farm bureaus in some cases and the State farm bureaus. I am sure that there have been cases where county farm bureaus have taken an action to support this legislation. They have every right to change their minds, but at the time of our annual meeting in December 1965, the action was unanimous, and since then we have received only two filings of dissent, New Mexico and Georgia.

Senator HOLLAND. Now my next question is this. You know of course that as an individual Senator and as an individual representative of a State that is a large producer of fruits and vegetables, I have a considerable acquaintance with the ordinary marketing agreement

and ordinary procedure, and I strongly supported it both in connection with legislation and in the field in Florida. I note your objection Nos. 1, 2, and 3 in your attachment A to this proposed program, in which you call attention to differences between this program and the ordinary marketing agreement order or account program.

I think that in many if not in all respects your objections are well made. I want to ask you about them.

The first objection is that under the ordinary marketing agreement, that the program prescribed for the handling of the marketing and the sales promotion and the other things have to do with marketing, whereas this program is aimed solely or largely at setting up of a research program. Do you have an amendment or amendments to this proposed act which would bring this in line with the regular marketing agreement procedure.

Mr. SHUMAN. No, sir. We are opposed to the basic principles of the legislation, the compulsory checkoff features of it, and the setting up of promotion and advertisement program on a tax-to-produce basis and therefore we have not submitted amendments or suggested amendments. We think it is basically bad and we don't think it is wise to try to improve something which is bad in principle.

Senator HOLLAND. This statement you have just made is relative to your No. 1 objection, which is that the sole purpose of this proposed program is the establishment of a marketing order to collect money compulsorily for financing research and promotion activities. I notice that the second objection is the fact that differing from the ordinary procedure, this particular bill would include production research as well as the marketing research.

Mr. SHUMAN. Yes.

Senator HOLLAND. Which is the only thing prescribed under any of the marketing order laws and that as to but a few chosen commodities.

Mr. SHUMAN. Yes.

Senator HOLLAND. Why do you feel that the terms of this bill go so far as to cover production and the operation of producers in the field should be not covered in a marketing agreement act.

Mr. SHUMAN. Well, first our basic belief is that production research as supported by general tax funds from the Federal Government and the State governments as well are paid of course by producers, by handlers, by consumers, by all taxpayers, and that very basically production research is a responsibility of the entire society or the entire Nation. That if we are going to expand production research, we should first look to the same way in which we have gone.

Secondly, if we place production research as a taxable responsibility of producers only, we are setting a precedent which we don't think is wise. We think there is some justification where a research and order program, a marketing order, agreement order programs have provided for some marketing research, but we certainly cannot justify and would oppose using the same type of vehicle to collect money for production research.

We are for production research. We don't believe that it ought to be made a taxable responsibility of the producers only.

Senator HOLLAND. Would it be a fair statement of your position to say that you believe that production research should be either supported directly by the Government, Federal or State or both, or should

be supported if the producers are in the picture, by a voluntary contribution by producers.

Mr. SHUMAN. Yes, sir.

Senator HOLLAND. Is that a fair statement?

Mr. SHUMAN. That is a fair statement.

Senator HOLLAND. Now the third of your objections is that under the ordinary marketing agreement and order approach, the handler is the one who is accountable to the Government.

Mr. SHUMAN. Yes.

Senator HOLLAND. The handler is the one against whom the Government can proceed. The handler is the one entrusted with the collection and payment and charged with both.

Mr. SHUMAN. Yes.

Senator HOLLAND. By the Government, whereas that is not true under this present law.

Mr. SHUMAN. Yes.

Senator HOLLAND. I note that you have already stated that you are not offering amendments. That is one feature of this bill, however, which could simply be covered by an amendment. The covering of that feature of the bill by an amendment would make a group of handlers, let's say it is ginners, accountable, the collecting and responsible group to the Government, rather than the producers, would that meet your objection to the bill.

Mr. SHUMAN. No sir, because we do not accept the theory that the promotion and research work and advertising should be shifted, all of it, to the producers, and whether it was collected by the handlers or not, it still would be a producer paid tax. We are basically opposed to the compulsory levying of a compulsory in effect tax on producers to do this work. We are for voluntary contributions and we are for voluntary contributions from all segments of the industry. We do not believe that we ought to make it easy for the cotton textile industry to shift the advertising burden and the responsibility for promotion to the farmer who has very little opportunity to do anything about it.

We think that it has been sound to leave this responsibility on the industry and that is where it ought to stay. We are willing to go the voluntary route and cooperate with others in raising our share, but we think that it is very unfair to levy this kind of a compulsory duty on the producers. Much of the cost of advertising and promotion would be shifted to this activity.

Senator HOLLAND. You speak of this as a compulsory program. Of course those who promote the program say that it is not compulsory, and point to the refunding features of this act as keeping it from being compulsory. Do you have comment to make on that position?

Mr. SHUMAN. Yes, Mr. Chairman. Of course, various people could play with the definition of the word compulsory, but our definition of it is that any levy or any deduction which is nonvoluntary, compelled by action of the Federal Government, is a compulsory program.

The very fact that if you can by using certain technicalities get your money back doesn't change the nature of the compulsory collection. The only reason for the bill is to use coercion. You can say how much compulsion is coercion, where is the line, but there would be no need for this legislation except that the folks want to use coercion.

Senator HOLLAND. Thank you.

Senator Young.

Senator Young. I have nothing.

Senator Holland. Senator McGovern.

Senator McGovern. Mr. Shuman, there seems to be a growing tendency or preference in Congress for voluntary programs as against mandatory programs. For example, in the wheat problem that we had here a few years ago, after farmers turned down the mandatory aprpoach, the Congress came back with a voluntary program. It probably had some faults in it, but nevertheless it was more acceptable here in the Congress, and also apparently among the producers.

Do I gather from your statement that you would feel that the legislation before us runs counter to the apparent preference, both of farm producers and the Congress, for the voluntary approach?

Mr. Shuman. Yes, I do. I think that one of the major reasons for the defeat of the wheat referendum in 1963 was its compulsory features. I believe that this cotton checkoff referendum will be one of the most bitterly fought issues in American agriculture since the wheat referendum. I think it would be one that will tear up and divide agriculture as nothing else has in the cotton producing areas.

It will result in my opinion in the destruction of the National Cotton Council and the Cotton Producers Institute, both of which we would hope could be preserved and strengthened and increased.

The very issue of compulsion will cause it to be defeated by the producers if they vote in the referendum. I don't think it is to the advantage of the Members of Congress to start such a controversial battle in such an important industry as cotton, especially not in the year of 1966. I don't think it is in the interests of the cotton industry. We have had a demonstration with the Wool Act, which has been on the books for a long, long time, a compulsory deduction from payments to be used for research and promotion. They have spent more money in proportion to the total value of the wool crop in the United States than this act proposes to raise for the cotton industry in proportion to its value. And what has been the results? The objective of the legislation of the Wool Act for research and promotion was to increase domestic consumption of domestic wool, to increase the use, to reduce the decline in production, and it has not accomplished any of these results.

The substitution of synthetics for wool has continued. Synthetic substitutes have increased materially. The use of domestic wool has gradually gone down. The number of producers has gone down and the amount of domestic production has gone down, and the same unhappy result in my opinion would happen here.

I think that this legislation would result in a reduction in the number of cotton farmers 10 years from now, because it is holding out false hopes. It is holding out the hope that some way you can by compulsory action to raise a huge sum of money, go and advertise yourself and research yourself into prosperity, and it doesn't get at the basic causes of the problem, which is back here in the economics of the cotton market which has been disrupted by legislation. I think the issue of compulsion is repugnant to the cotton farmers as well as to the Members of the Congress and I think the Congress is right.

Senator McGovern. Thank you very much.

Senator Holland. Senator Jordan.

Senator JORDAN. Mr. Chairman, I would like to ask Mr. Shuman a question or two. Of course, I supported all the legislation that has promoted research on all commodities, not just cotton, because it is very much needed. Research on cotton has progressed, I think, really very well. They are producing better cotton and more cotton per acre, which makes it cheaper. But I think there is one thing that is being overlooked here. We have got too much cotton now. We are producing more cotton than we can sell to anybody, including sales under P.L. 480.

The synthetic fibers are the problem in the market today. The rapid increase in the use of synthetic fibers is what has cotton in trouble. It has increased, and it is easy to find this out if you just take the trouble to find it out. There was testimony yesterday. They have increased the use of new synthetics by promotion and by advertising and demonstrations and all the methods that are used to promote a new fiber. It was demonstrated yesterday on the charts here that the price of cotton now has put cotton and rayon, just that one fiber, pretty well in line in price, and the consumption of rayon has virtually stopped right where it was as against the rapid increase it had been making over the past number of years. Cotton is now competing with rayon very, very well.

The thing that the cotton people have got to do is to find some way to increase the market for cotton, because if they don't, it is going to keep going right on down and that takes the cotton farmer with it. The Government can't continue to pile up cotton that is in excess of what we need.

Now I don't agree with Mr. Shuman about the leigslation that has been passed. I think the legislation that has been passed has been helpful. I think had it not been passed, the cotton industry would have been doomed, and a great many other people think the same thing. Research is fine. We have got to keep on having research in cotton as well as all other things.

But you have to remember that cotton is something that you don't eat. You have got to wear it, you have got to use it in some kind of fabric, and other fibers have taken its place, and they are good fibers, there is no question about that, and promotion is what put them on the market.

I know of synthetic fibers that have come on the market in the last 2 years and the promoters of it have spent more money promoting than the price they got for it. But they put it over by promotion. You saw the advertisements yesterday. Cotton has got to do a better job of promoting itself, or finally go out of business as a major fiber, in my opinion.

Mr. SHUMAN. We would certainly agree with the Senator's statement on the importance of research and promotion, and I want to reemphasize we believe we can do more of it if we are told by Congress to go the voluntary route, we are not going to have compulsory checkoffs.

I think then we will get together. We certainly will be glad to participate with any and all who want to get together to do a better job of getting the amount of money that is needed, and I think we can get that amount of money. The efforts so far indicate our encouragement. We have demonstrated with other organizations, the National Livestock Meat Board and the National Dairy Association

that we can get substantial sums of money from the industry and we are ready to go out and get it. I agree with the need.

Senator JORDAN. That is all.

Senator HOLLAND. Senator Mondale?

Senator MONDALE. Mr. Shuman, in your testimony you indicated that under the provisions of the Wool Act, there is apparently a program comparable to that proposed now for cotton, permitting a checkoff system to finance research and promotion of wool.

Mr. SHUMAN. Yes, sir.

Senator MONDALE. Is that correct?

Mr. SHUMAN. Yes.

Senator MONDALE. Are the provisions of the Wool Act in that regard very similar to those with which we are dealing now, proposed for cotton?

Mr. SHUMAN. There are similarities but there is one basic difference in that the checkoff on wool comes out of the Government payments that come under the Wool Act, and so they are not in effect a tax on the farmer directly as the proposed legislation would be. Otherwise they are quite similar in that the Secretary of Agriculture has a great deal of authority in the control of it.

The spending of the money has been practically identical to the contemplated spendings as I have understood here.

I would like, Mr. Chairman, to submit in the record a statement on the Farm Bureau's position on section 708 of the Wool Act. There seems to be some questions raised as to whether or not we have been for this. We have consistently opposed it, and we have it detailed here. Also some documentation of what I just said a moment ago about the production of wool, the use of wool for domestic consumption, and it shows the decline in the U.S. production as well as the decline in the use of wool, despite the fact they have had a program very similar and have spent sums of money which are even more in comparison to what is contemplated here.

Senator HOLLAND. Do you wish to file this in evidence?

Mr. SHUMAN. I would.

Senator HOLLAND. Is there objection? If not, this statement with reference to the position of the Farm Bureau, as I understand it, on simply the one section of the Wool Act——

Mr. SHUMAN. That is right.

Senator HOLLAND. I believe you have supported the Wool Act otherwise?

Mr. SHUMAN. That is right.

Senator HOLLAND. It will be filed.

(The information referred to follows:)

RECORD OF FARM BUREAU OPPOSITION TO SECTION 708 OF WOOL ACT

Motion unanimously adopted by the AFBF board of January 20, 1955, reads as follows:

"Extensive study of the full implications of inaugurating an advertising and promotion program for a specific agricultural commodity, financed by a mandatory checkoff system, enforced by Federal law, with substantial Federal supervision, is the basis for our opposing the implementation of section 708 of the Wool Marketing Act of 1954 at this time. As an alternative approach, we are anxious and willing to meet with representatives of the sheep and wool industry, including the proposed American Sheep Producers Council, for the purpose of exploring the possibilities of developing a program which will meet the objectives sought

through section 708, but through a voluntary approach, and wherein the sheep and wool producers would have complete control of the program and its financing."

On May 24, 1955, a Farm Bureau representative advised the Secretary of Agriculture with respect to section 708 that "we believe the entire section tends to set a dangerous precedent for financing commodity advertising activities by a federally operated checkoff system using the centralized police power of the State without recourse."

In a statement submitted to the House Committee on Agriculture on February 6, 1958, we said:

"Farm Bureau strongly supports sound, well-coordinated, voluntary promotional programs for agricultural commodities. We oppose compulsory, uncoordinated, programs of the type authorized by section 708 of the Wool Act. The program authorized by section 708 is not voluntary since the producer can neither avoid payment nor get a refund. Under a truly voluntary program he could do either. Since the checkoff is not voluntary it, in effect, amounts to a tax on all woolgrowers for the purpose of raising of funds to be disbursed by a private agency. * * *"

"Individual producers have considerably less control of the way the checkoff funds are spent than if contributions were voluntary, and it would be next to impossible for individual producers to terminate the program—regardless of the direction it may take. This certainly is contrary to the basic principles of self-government on which our Government was established."

In a statement submitted to the House committee on April 20, 1961, we said:

"Farm Bureau has always had serious reservations about section 708 of the Wool Act. We have strongly supported sound, well-coordinated voluntary promotional programs for agricultural commodities. We oppose compulsory, uncoordinated programs of the type authorized by section 708 of the current Wool Act. The program authorized by section 708 is not voluntary because the producer can neither avoid payment nor get a refund. Under a truly voluntary program he could do either. Since the checkoff is not voluntary, it, in effect, amounts to a tax on all woolgrowers for the purpose of raising funds to be disbursed by a private agency.

"Individual producers have considerably less control of the way the checkoff funds are spent than they would have if contributions were voluntary, and it is impossible for individual producers to withdraw from the program or to initiate a reconsideration of it—regardless of the direction it may take. This certainly is contrary to the basic principles of self-government on which our Government was established."

THE WOOL ACT, INCLUDING SECTION 708, HAS NOT BEEN SUCCESSFUL

1. U.S. wool production has followed a downward trend. During the last 5 years the decline has been accelerating. (See table I.)

2. U.S. lamb and mutton production has likewise fallen appreciably over the period of the program with the sharpest decline over the last 5 years. (See table 2.)

3. Imports of wool have trended upward over the period of the program showing the biggest gain ever in the last year. (See table I.)

4. Despite increasing imports, total U.S. consumption of wool has drifted downward. (See table I.)

TABLE I

[In millions of pounds]

	U.S. production of shorn wool (grease basis)	Imports		U.S. mill consumption	
		Dutiable wool (clean content)	Wool content of textiles	Apparel wool (clean content)	Wool-like synthetics
1954	235.8	103.9	52.0	269.6	328.6
1956	242.2	103.8	77.2	296.7	484.1
1958	243.7	67.1	74.5	212.0	575.2
1960	265.5	74.3	103.2	246.4	761.7
1961	261.2	90.3	99.2	263.1	861.7
1962	249.1	125.8	116.1	280.2	1,076.2
1963	238.2	109.2	130.5	251.3	1,257.2
1964	221.9	98.4	113.8	233.9	1,554.8
1965 (preliminary)	213.1	162.7	134.7	274.5	1,955.8

TABLE 2.—*Number of stock sheep and lambs on farms and ranches, by class, United States, Jan. 1, 1955–66*

[Thousand head]

Year	Lambs		One year and over			Total stock sheep
	Ewes	Rams and wethers	Ewes	Rams	Wethers	
Average:						
1955–59	4,070	667	21,332	862	200	27,130
1960–64	3,766	795	21,269	866	214	26,913
1955	3,982	740	21,321	860	234	27,137
1956	3,819	687	21,323	851	210	26,890
1957	3,709	634	20,976	840	189	26,348
1958	4,289	625	21,208	864	181	27,167
1959	4,549	647	21,832	893	187	28,108
1960	4,562	721	22,406	927	233	28,849
1961 [1]	4,115	886	22,396	924	235	28,571
1962	3,561	862	21,539	880	223	27,065
1963	3,378	779	20,543	826	205	25,731
1964	3,213	728	19,462	771	174	24,348
1965	2,990	692	18,702	749	166	23,299
1966 [2]	3,287	811	18,133	720	166	23,117

[1] Estimates for Alaska included in totals beginning with 1961.
[2] Preliminary.
Compiled from reports of Crop Reporting Board, SRS.

Senator MONDALE. Are there any other closely related legislative parallels to that now proposed for the cotton check-off?

Mr. SHUMAN. Not that I know of on the national level. There are, of course, several State checkoff programs for research and promotion. In fact, a real good question would be as to what is going to happen to the State checkoff in Georgia and will the Georgia producers be taxed $2 a bale. I presume they will. With their $1 State checkoff. There are State checkoffs of various kinds.

Senator MONDALE. In Georgia and Minnesota we tax oleo to do research and promotion for butter. Maybe you can do this on rayon.

Senator HOLLAND. Do you have other questions, Senator Mondale.

Senator Jordan.

Mr. Chairman, may I just say one other thing. Mr. Shuman, about the wool, had it not been for the wool act under which the growers of sheep are operating right now, the wool industry would have disappeared in the United States completely. That was to support the wool price, to make them at least competitive to the extent they could afford to raise sheep and sell wool in American markets. The Australian wool, of course, is imported in here in such vast quantities, and it is a better wool. I will tell you why.

American wool has got some black hairs in them. You can't bleach them out and the ladies dresses would have black hairs running through and they don't seem to be able to get them out. But if it weren't for the wool act, which I have supported, wool production would have ended long ago. The very thing Mr. Shuman said is that synthetics have also cut deeply into the wool industry. Your dacrons and your orlon have cut very deeply into wool fabrics. A great many men's suits are now 45 percent wool and 55 percent dacron, a great many of them, so there is another synthetic problem. It isn't all legislation, these problems. It is just that the competition from other fibers has hit wool just like it has cotton.

Senator HOLLAND. Senator Young.

Senator YOUNG. There is a direct parallel although the wheat commissions are on a State basis rather than on a Federal basis. Most commercial wheat producing States have a wheat commission. They take a deduction from every bushel of wheat sold but farmers can get a refund. Not many of them apply for it though these wheat commissions have been very successful in both research and sales. I think it was the Oregon or Washington Wheat Commission which has produced bulgar which is a byproduct which is now used in the Far East as a substitute for rice and is being widely used.

Mr. SHUMAN. There are a number of State commodity deductions of different kinds, the cotton commission in Georgia and the wheat commission.

I agree with what the Senator has said that the Wool Act has been an important piece of legislation. In fact, the Farm Bureau supported the Wool Act. We opposed section 708, which was the compulsory deduction of funds for research and promotion, and I think that the results speak for themselves.

Back in 1954–56, in that period the U.S. mill consumption of apparel wool was running 269 million, in 1956 at 296 million. The last 2 years it has been down to 233 million, in 1965 the preliminary estimate is 274 million, so you see that section 708, which was the research and promotion funds, has not done what it was billed to do. The Wool Act has been a price support type of action which has undoubtedly kept the wool industry going. But the research and promotion deduction has apparently not been effective.

Senator HOLLAND. I think it would only be fair to say at this time that, of course, there is a very great difference between the support program for wool and other commodities, except for sugar, because wool and sugar, being deficit crops, have had the advantage of the support price program which has paid a premium for continued, and we hope expanded production.

In the case of wool the support program has been not only 100 percent of parity but sometimes well over 100 percent of parity, and that has not been the case either with reference to cotton or any other surplus basic commodity.

I think that the figures appearing in Mr. Shuman's table 1 at the end of his statement on the Wool Act are well worth considering. Do they come from USDA information?

Mr. SHUMAN. Yes, sir.

Senator HOLLAND. They show, as he has already stated, that from 1954 to 1965, estimated wool consumption by U.S. mills has remained virtually constant. It was 269.6 million pounds in 1954, in the intermediate time it has been as low as 212 million pounds. It is estimated for this last year at 274½ million pounds, so we can say at the best it has been only constant or perhaps on the average below constant, whereas the synthetics used in place of wool have gone up from 328.6 million pounds in use by the American mills in 1954, to 1,955.8 million pounds in 1965 as estimated, or actual figures for 1964 of 1,544.8 million pounds. So that there is a real question here, though the program, except for the promotion part of it, is not at all comparable to anything that is applicable under our law for cotton.

Mr. SHUMAN. That is right.

Senator HOLLAND. Because it has been a very frank deficit commodity program designed to keep up and if possible promote greater production of wool in the Nation.

Mr. SHUMAN. Yes.

Senator HOLLAND. And it has not been successful in accomplishing that objective, though it has prevented a decline that was clearly apparent in 1954 when the wool program became effective.

Senator JORDAN. Mr. Chairman.

Senator HOLLAND. Senator Jordan?

Senator JORDAN. I just want to point out in that connection that the cotton industry is operating under a voluntary import quota system, but the program hasn't been very effective because a lot of the arrangements haven't worked very well. It has worked within 500 percent of what they agreed to do. That is how much it is up over what they agreed to ship last year. But there has been no agreement whatsoever by our Government, and we have made repeated efforts to get them to make some agreements with all these nations on woolen fabrics and manmade fabrics. They haven't made any.

President Kennedy promised it and this administration promised it but they haven't been able to get around to it. Practically all the woolen mills in the United States have gone out of business. If we were to have great demand for woolen uniform cloth today, we couldn't produce it because we don't have the mills. The foreign shipments of woolen cloth in here have taken the place of them, because there have been no quotas and they have just poured it in here and it is up 500 or 600 percent from what it was in 1955 and 1956, along in that period.

So, you have got two problems there. They are not weaving it here nor spinning it, and synthetics have cut into it. So you have got a twofold problem there.

Senator HOLLAND. That is undoubtedly correct. Senator Montoya.

Senator MONTOYA. I would like to ask one or two questions, Mr. Chairman. Mr. Shuman, you indicate your opposition to this particular bill on the premise that you are a strong advocate of a voluntary effort.

Mr. SHUMAN. Yes, sir.

Senator MONTOYA. Directed at the objectives which the bill has in mind. Now we have had the privilege of initiating voluntary effort all through the years, and while we have made great strides in research, it is apparent that we haven't done enough, and I think there is general agreement that there has not been enough effort. Do you agree with me?

Mr. SHUMAN. Yes, sir.

Senator MONTOYA. Now, if this bill is enacted, what is to stop the very thing that you have in mind and the very premise for your objection, namely continued voluntary action on the part of these farmers?

Mr. SHUMAN. I don't think that there is any question but what when the $1 per bale levy is put into effect, it will result in the complete cessation of all voluntary contributions, because this will be accepted by the farmer as the substitute for it. It will be the end

of all voluntary contributions, I am sure. Most farmers would interpret it that way without question.

Senator MONTOYA. Well, we have a lot of Government research in many other fields, but that has not stopped the different specialized fields from doing their own research on a voluntary basis. I don't think that pattern follows through in the other fields of research.

Mr. SHUMAN. Well, it wouldn't necessarily stop it. I mean it is just a matter of whether or not the farmer is going to make a voluntary contribution after he has been assessed $1 a bale or not. In my judgment, and I am supported in that by the judgment of practically everybody I talk to, and I have talked to quite a few about this particular question, my judgment is that we will get zero, practically zero voluntary contributions once the $1 per bale checkoff is instituted.

Senator MONTOYA. Would you disagree with me if I said that your opposition basically stems from the desire for consistency on your part against any Government infiltration of the economy?

Mr. SHUMAN. No, sir. That is a factor, but that is not the basic reason we are opposed to this. We are basically opposed to it because we do not believe that it represents as successful a pattern for getting this job done. We believe that whenever we turn to a compulsory checkoff, as this is, that the producers, the cotton producers will take less responsibility to see that they get results.

Senator MONTOYA. In other words, you don't have any faith in the referendum, that it will be a free vote, and where the majority or two-thirds will give their consent to this checkoff system.

Mr. SHUMAN. Yes, I have faith in the referendum. I really have faith that the producers will vote it down. But I think it is very unfortunate that we get into a position where we are destroying for all practical purposes, destroying the voluntary efforts that have resulted in the collection of roughly $6 million per year to be used in research and promotion. All of this will go down the drain when this bill is enacted, and substitute for it a Government-managed and controlled program, where the producers will have very little responsibility. It will be entirely Government responsibility.

Senator MONTOYA. Has the voluntary program about which you speak maintained a satisfactory pace in research?

Mr. SHUMAN. No; it should be increased and it can be increased.

Senator MONTOYA. How can you increase it?

Mr. SHUMAN. We can get greater support if we will work at it.

Senator MONTOYA. Why haven't we done that before?

Mr. SHUMAN. Simply because we have not taken enough time since we embarked on the $1 per bale CPI checkoff. Given another 2 or 3 years—in the last year and a half we have been involved in a controversy over this particular bill that is before the committee, and practically nothing has been done to advance the program during that period of time. You couldn't expect farmers to increase their contributions at the time they were debating over whether or not to go the compulsory route.

Senator MONTOYA. Does your position here on this bill represent the position of the cotton farmers which are members of your organization, or does it represent the position of your organization which is inclusive of all other farmers?

Mr. SHUMAN. It represents the position of the American Farm Bureau Federation, which represents the decision made by voting delegates representing the producers of all agricultural commodities.

Now it is not in conflict. We maintain this very definitely. It is not in conflict with the opinion of the cotton producers. I am sure that the majority of the cotton producers are in accord with this position.

Senator MONTOYA. Let's take New Mexico, for instance. Do you mean to tell me that the position of the Farm Bureau is representative of the majority of the cotton farmers of New Mexico?

Mr. SHUMAN. Mr. Adair, the vice president of the New Mexico Farm Bureau Federation, is here. I wonder if Mr. Adair, Mr. Chairman, would be the one perhaps to answer that. He has a little statement to present later. I can answer generally, but I call on Mr. Adair.

Senator MONTOYA. I would like to have that answer.

Senator HOLLAND. From Mr. Adair or from Mr. Shuman?

Senator MONTOYA. From either one.

Senator HOLLAND. I don't know Mr. Adair.

Mr. MERRELL. I am vice president——

Senator HOLLAND. Just a moment. You thought Mr. Adair was here. Is it equally acceptable to have this answer come from Mr. Merrell, this gentleman?

Senator MONTOYA. Yes.

Mr. MERRELL. I am the vice president of the New Mexico Farm Bureau.

Senator HOLLAND. I understand his name is Adair Merrell.

Mr. SHUMAN. I am the guilty one. I confused and used his first name as his last name. It is Mr. Merrell.

Senator HOLLAND. We are all together. Go ahead and answer the question.

STATEMENT OF ADAIR MERRELL, VICE PRESIDENT, NEW MEXICO FARM & LIVESTOCK BUREAU, ANIMAS, N. MEX.

Mr. MERRELL. I am the chairman of the resolutions committee of New Mexico and vice president of the Livestock Farm Bureau and also a member of the State steering committee of the CPI and I have worked for the CPI.

In answer to your question, Senator, I think the testimony presented by Mr. Shuman is in conflict to a certain degree with the resolution from New Mexico. The resolution from New Mexico was in favor of the CPI program as it was originally presented, which was that the money would be collected by the Government but would be turned over directly to the CPI to be administered and spent by the CPI. The New Mexico Farm & Livestock Bureau voted in favor of this proposition, but in the discussion of a resolutions committee and on the floor of our house of delegates we determined that in case the Secretary of Agriculture was to have charge of this program we didn't want any part of it and we would vigorously oppose it.

The Secretary of Agriculture is about the most unpopular fellow in New Mexico that I know. He is even more unpopular than the Secretary of Labor was a couple of years ago.

Senator MONTOYA. Well, that is a matter of opinion, because I happened to talk to a lot of farmers myself and I disagree with you, but that is neither here nor there. But the point that I want to make,

Mr. Chairman, if I can get this position, Mr. Merrell, is this. It is true that the Farm Bureau Federation in New Mexico did approve in principle this idea of research?

Mr. MERRELL. The idea of research.

Senator MONTOYA. And the only objection that you have is the administration by the Secretary of Agriculture?

Mr. MERRELL. Yes, sir.

Senator MONTOYA. But you do approve of the idea basically?

Mr. MERRELL. Of the checkoff?

Senator MONTOYA. Yes.

Mr. MERRELL. Yes, sir.

Mr. SHUMAN. You are opposed to this particular bill as I understand it.

Mr. MERRELL. Yes, sir.

Mr. SHUMAN. This is the statement that I made previously, that there were two State farm bureaus that had filed exceptions to our position, New Mexico and Georgia, but later the president of the New Mexico Farm Bureau advised me that they were opposed to this particular bill.

(Off the record.)

Senator MONTOYA. That is all, Mr. Chairman; thank you.

Senator HOLLAND. Are there further questions from anyone else?

Mr. SHUMAN. Mr. Chairman, I would like to call for just very brief capsule statements from several of our State farm bureau presidents and other State officers who are here.

Senator HOLLAND. Are they listed here?

Mr. SHUMAN. Yes; there is a supplemental list someplace. I would also like to enter in the record, if it is agreeable, a telegram from Mr. B. C. Mangum, the president of the North Carolina Farm Bureau, in which he says the North Carolina Farm Bureau Board of Directors, by resolution, are unanimously opposed to H.R. 12322.

Senator HOLLAND. Is there objection? This will be admitted to the record and if Senator Jordan when he comes back wishes to go back to this matter, why we will permit him to do so.

(The telegram referred to follows:)

RALEIGH, N.C., *April 22, 1966.*

JACK LYNN,
American Farm Bureau,
Washington, D.C.:

North Carolina Farm Bureau Board of Directors by resolution unanimously opposed to H.R. 12322.

B. C. MANGUM, *President.*

Mr. SHUMAN. The first gentleman I have with me is Mr. Walter L. Randolph, the vice president of the American Farm Bureau Federation. If it would be agreeable I would like Walter to say a few words.

Senator HOLLAND. He is shown as the next witness on the list prepared by the staff here, so we were expecting him to testify. All right.

STATEMENT OF WALTER L. RANDOLPH, VICE PRESIDENT, AMERICAN FARM BUREAU FEDERATION, MONTGOMERY, ALA.

Mr. RANDOLPH. Mr. Chairman and gentlemen of the comimttee, my name is Walter L. Randolph, and I live at Montgomery, Alabama, and I am vice president of the American Farm Bureau.

Since there are a number of State farm bureau presidents here, I am going to be very brief. However, I would ask permission to have inserted in the record of this hearing this statement by Congressman Abernethy, of Mississippi, about this particular bill, and on which there are a number of tables showing the size of the cotton farms and the amount of production in the various States, and then I want to make a brief statement about it.

Senator HOLLAND. Is there objection to the insertion of the statement by Congressman Abernethy? Hearing none it will be inserted.

(The statement by Congressman Abernethy follows:)

COTTON CHECKOFF BILL

(Extension of remarks of Hon. Thomas G. Abernethy, of Mississippi, in the House of Representatives, Wednesday, March 23, 1966)

Mr. ABERNETHY. Mr. Speaker, my colleagues will recall that on March 3 during the deliberation on H.R. 12322, more particularly known as the cotton checkoff bill, I offered certain amendments. The purpose of one particular amendment was to strike from the bill a provision which would enable a few large cotton producers to literally overwhelm thousands of small producers in the referendum to determine whether or not a checkoff program would be put into effect.

Since that time I have had numerous inquiries as to the number of farms by States and the volume of cotton produced by size of farm. After considerable research this information is now available. I am taking this opportunity to provide this detailed information for the particular benefit of my colleagues and the cotton farmers of the 14 cotton-producing States. It is set forth in the following tables:

Distribution of cotton production by number of bales produced, 1959 Census of Agriculture, totals for 14 States

Bales per farm	Number of farms	Number of bales produced	Percentage of—		Cumulative percentage of—	
			Total farms	Total production	Total farms	Total production
10,000 or more	8	191,111	0.002	1.38	0.002	1.38
5,000 to 9,999	18	113,567	.004	.82	.006	2.20
4,000 to 4,999	17	74,614	.003	.54	.009	2.74
3,000 to 3,999	42	140,892	.01	1.02	.02	3.76
2,000 to 2,999	101	234,223	.02	1.69	.04	5.45
1,500 to 1,999	138	230,211	.03	1.66	.07	7.11
1,000 to 1,499	419	501,782	.08	3.63	.15	10.74
500 to 999	1,819	1,200,086	.36	8.67	.51	19.41
200 to 499	8,626	2,503,025	1.72	18.08	2.23	37.49
100 to 199	15,417	2,097,698	3.07	15.16	5.30	52.65
50 to 99	26,431	1,798,561	5.26	12.99	10.56	65.64
40 to 49	12,392	538,179	2.47	3.89	13.03	69.53
30 to 39	19,976	670,741	3.98	4.85	17.01	74.38
20 to 29	39,996	940,658	7.97	6.80	24.98	81.18
10 to 19	105,202	1,420,091	20.96	10.26	45.94	91.44
Under 10	271,406	1,184,605	54.06	8.56	100.00	100.00
Total	502,008	13,840,044	100.00	100.00		

NOTES

In 1959: 8 large farms in California produced 191,111 bales; 43,719 small farms (less than 10 bales) in Alabama produced 184,856 bales; 26,879 small farms in Georgia produced only 123,951 bales; 45,228 small farms in North Carolina produced 174,920 bales; and 33,270 small farms in South Carolina produced 139,409 bales.

The 18 largest farms in California produced 254,489 bales, or more than the 248,937 bales produced by 36,194 19-bale-or-less producers in Georgia.

Thirteen percent of the total number of cotton-producing farms accounted for over 69 percent of total cotton production.

Alabama—Distribution of cotton production by number of bales produced, 1959 Census of Agriculture

Bales per farm	Number of farms	Number of bales produced	Percentage of—		Cumulative percentage of—	
			Farms	Production	Farms	Production
1,000 or more	1	1,118	0.002	0.17	0.002	0.17
500 to 999	10	5,978	.02	.88	.02	1.05
200 to 499	125	34,718	.20	5.13	.22	6.18
100 to 199	313	40,642	.49	6.01	.71	12.19
50 to 99	995	64,610	1.56	9.55	2.27	21.74
40 to 49	730	31,838	1.14	4.71	3.41	26.45
30 to 39	1,583	53,123	2.47	7.86	5.88	34.31
20 to 29	3,956	92,692	6.18	13.71	12.06	48.02
10 to 19	12,557	166,696	19.62	24.65	31.68	72.67
Under 10	43,719	184,856	68.32	27.33	100.00	100.00
Total	63,989	676,271	100.00	100.00		

NOTES

In round numbers, 32 percent of the farms accounted for 73 percent of Alabama's cotton production.
The 18 largest cotton farms in California produced 254,489 bales, or 69,633 bales more than the 43,719 smallest cotton farms in Alabama.

Arizona—Distribution of cotton production by number of bales produced, 1959 Census of Agriculture

Bales per farm	Number of farms	Number of bales produced	Percentage of—		Cumulative percentage of—	
			Farms	Production	Farms	Production
5,000 or more	3	20,443	0.12	3.09	0.12	3.09
4,000 to 4,999	6	25,478	.25	3.85	.37	6.94
3,000 to 3,999	7	22,936	.29	3.47	.66	10.41
2,000 to 2,999	19	44,129	.78	6.67	1.44	17.08
1,500 to 1,999	27	45,783	1.12	6.92	2.56	24.00
1,000 to 1,499	72	85,768	2.97	12.97	5.53	36.97
500 to 999	231	154,939	9.54	23.43	15.07	60.40
200 to 499	504	154,681	20.81	23.39	35.88	83.79
100 to 199	499	67,399	20.60	10.19	56.48	93.98
50 to 99	340	23,355	14.04	3.53	70.52	97.51
40 to 49	151	6,428	6.23	.97	76.75	98.48
30 to 39	92	3,135	3.80	.48	80.55	98.96
20 to 29	153	3,719	6.32	.56	86.87	99.52
10 to 19	174	2,376	7.18	.36	94.05	99.88
Under 10	144	757	5.95	.12	100.00	100.00
Total	2,422	661,326	100.00	100.00		

NOTES

In round numbers, 15 percent of the farms accounted for 60 percent of Arizona's cotton production.
The 18 largest cotton farms in California produced 254,489 bales, or 147,320 bales more than the 1,553 smallest cotton farms in Arizona.

Arkansas—Distribution of cotton production by number of bales produced, 1959 Census of Agriculture

Bales per farm	Number of farms	Number of bales produced	Percentage of—		Cumulative percentage of—	
			Farms	Production	Farms	Production
4,000 or more	1	4,356	0.003	0.29	0.003	0.29
3,000 to 3,999	3	9,468	.01	.62	.01	.91
2,000 to 2,999	6	14,850	.02	.98	.03	1.89
1,500 to 1,999	7	11,447	.02	.76	.05	2.65
1,000 to 1,499	37	44,297	.11	2.92	.16	5.57
500 to 999	238	155,386	.68	10.25	.84	15.82
200 to 499	1,173	349,436	3.36	23.06	4.20	38.88
100 to 199	1,874	254,960	5.38	16.83	9.58	55.71
50 to 99	3,435	231,172	9.86	15.26	19.44	70.97
40 to 49	1,600	70,014	4.59	4.62	24.03	75.59
30 to 39	2,674	90,521	7.67	5.97	31.70	81.56
20 to 29	4,262	101,579	12.23	6.70	43.93	88.26
10 to 19	9,095	126,425	26.09	8.34	70.02	96.60
Under 10	10,450	51,454	29.98	3.40	100.00	100.00
Total	34,855	1,515,365	100.00	100.00		

NOTES

In round numbers, 19 percent of the farms accounted for 71 percent of Arkansas' cotton production.
The 18 largest cotton farms in California produced 254,489 bales, or 76,610 bales more than the 19,545 smallest cotton farms in Arkansas.

California—Distribution of cotton production by number of bales produced, 1959 Census of Agriculture

Bales per farm	Number of farms	Number of bales produced	Percentage of—		Cumulative percentage of—	
			Farms	Production	Farms	Production
10,000 or more	8	191,111	0.09	10.39	0.09	10.39
5,000 to 9,999	10	63,378	.11	3.45	.20	13.84
4,000 to 4,999	7	32,182	.08	1.75	.28	15.59
3,000 to 3,999	27	91,258	.31	4.96	.59	20.55
2,000 to 2,999	42	99,086	.48	5.39	1.07	25.94
1,500 to 1,999	53	89,890	.60	4.89	1.67	30.83
1,000 to 1,499	140	167,334	1.60	9.10	3.27	39.93
500 to 999	476	321,743	5.43	17.50	8.70	57.43
200 to 499	1,295	392,011	14.77	21.32	23.47	78.75
100 to 199	1,357	188,545	15.48	10.25	38.95	89.00
50 to 99	1,530	109,299	17.45	5.95	56.40	94.95
40 to 49	595	25,515	6.79	1.39	63.19	96.34
30 to 39	793	26,892	9.04	1.46	72.23	97.80
20 to 29	972	23,469	11.09	1.28	83.32	99.08
10 to 19	952	13,789	10.86	.75	94.18	99.83
Under 10	510	3,169	5.82	.17	100.00	100.00
Total	8,767	1,838,671	100.00	100.00		

NOTES

In round numbers, 23 percent of the farms accounted for 79 percent of California's cotton production.
The 52 largest cotton farms in California produced more cotton (66,630 bales) than the entire State of North Carolina.

Georgia—Distribution of cotton production by number of bales produced, 1959 Census of Agriculture

Bales per farm	Number of farms	Number of bales produced	Percentage of—		Cumulative percentage of—	
			Farms	Production	Farms	Production
500 or more	8	5,345	0.02	1.04	0.02	1.04
200 to 499	69	17,831	.16	3.47	.18	4.51
100 to 199	303	39,462	.72	7.68	.90	12.19
50 to 99	876	57,450	2.06	11.18	2.96	23.37
40 to 49	756	32,919	1.78	6.41	4.74	29.78
30 to 39	1,271	41,972	3.00	8.17	7.74	37.95
20 to 29	2,973	69,826	7.00	13.59	14.74	51.54
10 to 19	9,315	124,986	21.94	24.33	36.68	75.87
Under 10	26,879	123,951	63.32	24.13	100.00	100.00
Total	42,450	513,742	100.00	100.00		

NOTES

In round numbers, 37 percent of the farms accounted for 76 percent of Georgia's cotton production.
The 18 largest cotton farms in California produced 254,489 bales, or 130,538 bales more than the 26,879 smallest cotton farms in Georgia.

Louisiana—Distribution of cotton production by number of bales produced, 1959 Census of Agriculture

Bales per farm	Number of farms	Number of bales produced	Percentage of—		Cumulative percentage of—	
			Farms	Production	Farms	Production
1,500 or more	2	3,602	0.01	0.78	0.01	0.78
1,000 to 1,409	13	15,002	.05	3.24	.06	4.02
500 to 999	59	38,741	.24	8.37	.30	12.39
200 to 499	273	78,257	1.12	16.91	1.42	29.30
100 to 199	385	52,672	1.58	11.38	3.00	40.68
50 to 99	690	47,345	2.83	10.23	5.83	50.91
40 to 49	389	16,922	1.60	3.65	7.43	54.56
30 to 39	755	25,376	3.10	5.48	10.53	60.04
20 to 29	1,804	42,360	7.40	9.15	17.93	69.19
10 to 19	5,589	75,041	22.92	16.21	40.85	85.40
Under 10	14,420	67,568	59.15	14.60	100.00	100.00
Total	24,379	462,886	100.0	100.00		

NOTES

In round numbers, 18 percent of the farms accounted for 69 percent of Louisiana's cotton production.
The 18 largest cotton farms in California produced 254,489 bales, or 27,222 bales more than the 22,957 cotton farms that produced less than 50 bales in Louisiana.

Mississippi—Distribution of cotton production by number of bales produced, 1959 Census of Agriculture

Bales per farm	Number of farms	Number of bales produced	Percentage of—		Cumulative percentage of—	
			Farms	Production	Farms	Production
5,000 or more	1	5,781	0.001	0.37	0.001	0.37
4,000 to 4,999	1	4,397	.001	.28	.002	.65
3,000 to 3,999	1	3,800	.001	.24	.003	.89
2,000 to 2,999	7	15,121	.01	.97	.01	1.86
1,500 to 1,999	15	24,589	.02	1.58	.03	3.44
1,000 to 1,499	67	80,634	.09	5.18	.12	8.62
500 to 999	296	197,208	.38	12.67	.50	21.29
200 to 499	937	286,862	1.21	18.43	1.71	39.72
100 to 199	953	132,389	1.23	8.50	2.94	48.22
50 to 99	1,502	102,323	1.95	6.57	4.89	54.79
40 to 49	961	41,498	1.25	2.67	6.14	57.46
30 to 39	1,851	61,346	2.40	3.94	8.54	61.40
20 to 29	5,873	136,539	7.60	8.77	16.14	70.17
10 to 19	19,375	264,602	25.08	17.00	41.22	87.17
Under 10	45,404	199,673	58.78	12.83	100.00	100.00
Total	77,244	1,556,762	100.00	100.00		

NOTES

In round numbers, 16 percent of the farms accounted for 70 percent of Mississippi's cotton production. The 18 largest cotton farms in California produced 254,489 bales, or 54,816 bales more than the 45,404 smallest cotton farms in Mississippi.

Missouri—Distribution of cotton production by number of bales produced, 1959 Census of Agriculture

Bales per farm	Number of farms	Number of bales produced	Percentage of—		Cumulative percentage of—	
			Farms	Production	Farms	Production
5,000 or more	1	6,600	0.01	1.44	0.01	1.44
4,000 to 4,999						
3,000 to 3,999						
2,000 to 2,999	3	6,800	.03	1.48	.04	2.92
1,500 to 1,999						
1,000 to 1,499	5	5,600	.05	1.22	.09	4.14
500 to 999	30	18,594	.30	4.06	.39	8.20
200 to 499	218	59,229	2.19	12.92	2.58	21.12
100 to 199	710	97,719	7.11	21.31	9.69	42.43
50 to 99	1,726	116,742	17.29	25.46	26.98	67.89
40 to 49	719	31,346	7.21	6.84	34.19	74.73
30 to 39	1,197	40,293	11.99	8.79	46.18	83.52
20 to 29	1,516	35,790	15.19	7.81	61.37	91.33
10 to 19	2,133	30,624	21.37	6.68	82.74	98.01
Under 10	1,723	9,118	17.26	1.99	100.00	100.00
Total	9,981	458,455	100.00	100.00		

NOTES

In round numbers, 27 percent of the farms accounted for 68 percent of Missouri's cotton production. The 18 largest cotton farms in California produced 254,489 bales, or 107,318 bales more than the 7,288 cotton farms that produced less than 50 bales in Missouri.

New Mexico—Distribution of cotton production by number of bales produced, 1959 Census of Agriculture

Bales per farm	Number of farms	Number of bales produced	Percentage of—		Cumulative percentage of—	
			Farms	Production	Farms	Production
2,000 or more	2	4,300	0.07	1.47	0.07	1.47
1,500 to 1,999	1	1,500	.03	.51	.10	1.98
1,000 to 1,499	7	8,104	.24	2.78	.34	4.76
500 to 999	51	33,297	1.71	11.41	2.05	16.17
200 to 499	329	93,397	11.03	31.99	13.08	48.16
100 to 199	544	75,364	18.24	25.82	31.32	73.98
50 to 99	645	46,432	21.62	15.90	52.94	89.88
40 to 49	208	8,847	6.97	3.03	59.91	92.91
30 to 39	231	7,821	7.74	2.68	67.65	95.59
20 to 29	270	6,213	9.05	2.13	76.70	97.72
10 to 19	352	4,788	11.80	1.64	88.50	99.36
Under 10	343	1,871	11.50	.64	100.00	100.00
Total	2,983	291,934	100.00	100.00		

NOTES

In round numbers, 31 percent of the farms accounted for 74 percent of New Mexico's cotton production. The 18 largest cotton farms in California produced 254,489 bales or 9,756 bales more than the 2,922 cotton farms that produced less than 500 bales in New Mexico.

North Carolina—Distribution of cotton production by number of bales produced, 1959 Census of Agriculture

Bales per farm	Number of farms	Number of bales produced	Percentage of—		Cumulative percentage of—	
			Farms	Production	Farms	Production
200 or more	4	857	0.01	0.28	0.01	0.28
100 to 199	32	4,219	.06	1.35	.07	1.63
50 to 99	152	9,948	.29	3.20	.36	4.83
40 to 49	186	8,014	.35	2.57	.71	7.40
30 to 39	358	11,961	.67	3.84	1.38	11.24
20 to 29	1,157	26,464	2.19	8.50	3.57	19.74
10 to 19	5,745	74,916	10.87	24.07	14.44	43.81
Under 10	45,228	174,920	85.56	56.19	100.00	100.00
Total	52,862	311,299	100.00	100.00		

NOTES

In round numbers, 14 percent of the farms accounted for 44 percent of North Carolina's cotton production. The 18 largest cotton farms in California produced 254,489 bales, or 4,653 more than the 50,973 smallest cotton farms in North Carolina.

Oklahoma—Distribution of cotton production by number of bales produced, 1959 Census of Agriculture

Bales per farm	Number of farms	Number of bales produced	Percentage of—		Cumulative percentage of—	
			Farms	Production	Farms	Production
1,000 or more	1	1,037	0.01	0.28	0.01	0.28
500 to 999	2	1,300	.01	.36	.02	.64
200 to 499	111	30,591	.65	8.36	.67	9.00
100 to 199	390	49,127	2.30	13.43	2.97	22.43
50 to 99	1,234	81,225	7.26	22.20	10.23	44.63
40 to 49	769	33,112	4.53	9.05	14.76	53.68
30 to 39	1,114	37,124	6.55	10.15	21.31	63.83
20 to 29	2,023	47,440	11.90	12.97	33.21	76.80
10 to 19	3,732	50,929	21.96	13.92	55.17	90.72
Under 10	7,620	33,946	44.83	9.28	100.00	100.00
Total	16,996	365,831	100.00	100.00		

NOTES

In round numbers, 33 percent of thef arms accounted for 77 percent of Oklahoma's cotton production.
The 18 largest cotton farms in California produced 254,489 bales, or 51,938 bales more than the 15,258 cotton farms that produced less than 50 bales in Oklahoma.

South Carolina—Distribution of cotton production by number of bales produced, 1959 Census of Agriculture

Bales per farm	Number of farms	Number of bales produced	Percentage of—		Cumulative percentage of—	
			Farms	Production	Farms	Production
500 or more	3	2,433	0.01	0.59	0.01	0.59
200 to 499	49	12,104	.11	2.94	.12	3.53
100 to 199	190	24,542	.42	5.97	.54	9.50
50 to 99	661	44,097	1.46	10.72	2.00	20.22
40 to 49	380	16,497	.84	4.01	2.84	24.23
30 to 39	703	23,866	1.56	5.81	4.40	30.04
20 to 29	1,791	41,454	3.97	10.08	8.37	40.12
10 to 19	8,076	106,832	17.90	25.98	26.27	66.10
Under 10	33,270	139,469	73.73	33.90	100.00	100.00
Total	45,123	411,234	100.00	100.00		

NOTES

In round numbers, 26 percent of the farms accounted for 66 percent of South Carolina's cotton production.
The 18 largest cotton farms in California produced 254,489 bales, or 8,248 bales more than the 41,346 smallest cotton farms in South Carolina.

Tennessee—Distribution of cotton production by number of bales produced, 1959 Census of Agriculture

Bales per farm	Number of farms	Number of bales produced	Percentage of—		Cumulative percentage of—	
			Farms	Production	Farms	Production
1,000 or more	1	1,100	0.003	0.18	0.003	0.18
500 to 999	17	9,705	.04	1.59	.04	1.77
200 to 499	113	31,190	.30	5.10	.34	6.87
100 to 199	324	43,007	.85	7.03	1.19	13.90
50 to 99	1,089	69,283	2.86	11.33	4.05	25.23
40 to 49	788	33,983	2.07	5.56	6.12	30.79
30 to 39	1,824	60,683	4.78	9.92	10.90	40.71
20 to 29	4,787	112,063	12.55	18.32	23.45	59.03
10 to 19	11,913	163,556	31.24	26.74	54.69	85.77
Under 10	17,278	87,043	45.31	14.23	100.00	100.00
Total	38,134	611,613	100.00	100.00		

NOTES

In round numbers 23 percent of the farms accounted for 59 percent of Tennessee's cotton production.
The 18 largest cotton farms in California produced 254,489 bales, or 3,890 bales more than the 29,191 smallest cotton farms in Tennessee.

Texas—Distribution of cotton production by number of bales produced, 1959 Census of Agriculture

Bales per farm	Number of farms	Number of bales produced	Percentage of—		Cumulative percentage of—	
			Farms	Production	Farms	Production
5,000 or more	3	17,365	0.004	0.42	0.004	0.42
4,000 to 4,999	2	8,201	.002	.20	.006	.62
3,000 to 3,999	4	13,430	.01	.32	.01	.94
2,000 to 2,999	22	49,937	.03	1.20	.04	2.14
1,500 to 1,999	33	53,400	.04	1.28	.08	3.42
1,000 to 1,499	75	91,788	.09	2.20	.17	5.62
500 to 999	398	255,417	.49	6.13	.66	11.75
200 to 499	3,426	961,861	4.19	23.10	4.85	34.85
100 to 199	7,543	1,027,651	9.22	24.67	14.07	59.52
50 to 99	11,556	795,280	14.12	19.10	28.19	78.62
40 to 49	4,160	181,246	5.08	4.35	33.27	82.97
30 to 39	5,530	186,628	6.76	4.48	40.03	87.45
20 to 29	8,459	201,050	10.34	4.83	50.37	92.28
10 to 19	16,194	214,531	19.79	5.15	70.16	97.43
Under 10	24,418	106,870	29.84	2.57	100.00	100.00
Total	81,823	4,164,655	100.00	100.00		

NOTES

In round numbers, 28 percent of the farms accounted for 79 percent of Texas' cotton production.
The 18 largest cotton farms in California produced 254,489 bales, or 147,619 bales more than the 24,418 smallest cotton farms in Texas.

Senator HOLLAND. Pardon me right there. Just before you came in, Senator Jordan, a wire had been introduced by the witness from someone in North Carolina.

Mr. SHUMAN. Mr. Mangum.

Senator HOLLAND. I stated it would be placed in the record but subject to your having the right to go back and ask any questions that you wished concerning it.

Senator JORDAN. I have no questions. I know Mr. Mangum very well. I have no objection to this being put in the record at all.

Mr. Randolph. I want to direct what I have to say, Mr. Chairman, to section 8 of the bill, which is the referendum provision, and which provides that the referendum could be carried by two-thirds of the producers or two-thirds of the producers who produce two-thirds of the volume of the cotton.

I want to emphasize that that would make it possible for a very small minority of the cotton growers to vote in favor of the checkoff. Thirteen percent of the total number of cotton producing farms in 1959 accounted for 69 percent of the total cotton production. So theoretically, why just 13 percent of the farmers, the farmers who own 13 percent of the cotton farms could carry this referendum.

In that same year 1959—these are census figures—8 large farms in California produced 191,111 bales; 43,791 small farms producing less than 10 bales in Alabama produced 184,856 bales. So the farmers on 8 farms in one place could outvote the farmers on nearly 44,000 farms in another place. I wanted to call attention to that.

In addition, I want to endorse completely the statement made by President Shuman. I thank you.

Senator Holland. I would like to ask you a question, Mr. Randolph. This provision about having a vote for a proposed marketing agreement or order based on either the number of producers or the volume of production is common to many marketing agreements and orders, and is found in the law, the general law on this subject. It occurs to me that in this matter the soundest objection that could be made would be to the provision that would allow anybody who has signed up for the program to request a refund.

Have you any opinion on that?

Mr. Randolph. Well, I have this opinion about the refund. I don't think the refund makes it a voluntary program at all. I have insurance against theft, for example, and if someone steals something from my home, why I can make application, claim to the insurance company and recover the amount stolen. But I don't consider that voluntary larceny. Therefore, in effect to have a refund here in my opinion doesn't make this a voluntary program.

Senator Holland. I see you have an objection to the refund program in general, which is quite understandable.

Mr. Randolph. Yes.

Senator Holland. Because many do, but my point is this. Don't you think that if there is continued in the bill the provision allowing the approval to be based on voluntary as well as on numbers, that it would also be fair to have in the bill a provision for preventing a request for refund from anyone who has voted to approve the bill?

Mr. Randolph. Well, I don't know. I really haven't thought of that.

Senator Holland. It just occurred to me that that might be something to be considered.

Mr. Randolph. I am not advocating a refund at all, but it is in the bill. I will comment to this extent, Senator. I think, as Mr. Shuman has pointed out and as you questioned, I just simply call attention to it again that there are quite a number of differences between the regular marketing order programs and this particular piece of legislation

or the program that would be carried out under this legislation, if it is adopted. I don't think I need to go into detail.

Senator HOLLAND. I think that point has been well made. Senator Young?

Senator YOUNG. No questions.

Senator HOLLAND. Senator Jordan?

Senator JORDAN. Mr. Randolph, your reference to taking out insurance against someone stealing from you. That was voluntary in taking out the insurance. You didn't have to take it out, did you?

Mr. RANDOLPH. No.

Senator JORDAN. So you get your refund if they do steal it. I think that you are working under a voluntary program there and you get your money back.

Mr. RANDOLPH. I was speaking of larceny. I said it was not voluntary larceny.

Senator JORDAN. It was voluntary on the part of the fellow who did the stealing.

Mr. RANDOLPH. I think you have got a good point there.

Senator JORDAN. Do you raise cotton yourself? Are you a cotton farmer?

Mr. RANDOLPH. Yes, sir; I am somewhat retired, but I have raised cotton for a good many years, and I own a farm on which cotton is grown.

Senator JORDAN. I have no further questions.

Senator HOLLAND. I am glad that you lightened up this proceeding a little bit. Senator Montoya?

Senator MONTOYA. I don't have any questions, Mr. Chairman.

Senator HOLLAND. Thank you.

Mr. RANDOLPH. Thank you, sir.

Mr. SHUMAN. Mr. McClane from Florida, executive vice president of the Florida Farm Bureau Federation.

Senator HOLLAND. Mr. T. K. McClane.

STATEMENT OF T. K. McCLANE, EXECUTIVE VICE PRESIDENT, FLORIDA FARM BUREAU FEDERATION, GAINESVILLE, FLA.

Mr. MCCLANE. Thank you Senator Holland and members of the committee. My name is T. K. McClane, executive vice president of the Florida Farm Bureau Federation, which is made up of 33,000 farm families.

I just want to make a short statement endorcing President Shuman's testimony in regard to this legislation. As you well know, Senator, the Florida Farm Bureau has supported research and promotion for years on a voluntary basis. I don't suppose there is any other State that has as many operations in this field, unless it is California, than the State of Florida in citrus, vegetables, and a number of other commodities.

Now we have a number of State marketing orders which differ somewhat from the national marketing orders in that the legislation requires at least 51 percent of the growers, and from 65 to as high as 85 percent of it voluntary.

Of course, I wasn't party to the initial national marketing order situation, but it would seem that in any legislation of that type, there should be some provision that would negate the possibility of something happening as Mr. Randolph has testified here.

Senator HOLLAND. In other words, it is your point that you feel like the provisions ought to require at least a majority of the growers and at least a substantial portion of the production, well more than a majority, to be in the scope of any agreement?

Mr. MCCLANE. We insisted on this in our State order. Several times our voting delegates have discussed nationwide marketing orders. We do support marketing orders on a State or regional basis, but when it becomes a nationwide operation, they have said, no, and they have opposed mandatory check-offs for any reason.

While cotton is not a major crop in our State, we do have 8,500 more or less producers with an average allotment of 2½ acres. But we are opposed to the principle of this bill, where the strength and the power of the Federal Government is to be used and the authority in the Secretary's office to operate this type of a check-off program.

I would be glad to answer any questions, Senator.

Senator HOLLAND. Of course, the Farm Bureau of Florida has strong county organizations in many of the agricultural counties. Do you have strong organizations in the cotton producing counties?

Mr. MCCLANE. In all of our cotton counties, yes, sir, every single one of those counties is organized. All counties are organized except three.

Senator HOLLAND. Is this position of your State Farm Bureau supported by the county organizations in the cotton counties?

Mr. MCCLANE. Yes, sir.

Senator HOLLAND. Senator Jordan?

Senator JORDAN. No questions.

Senator HOLLAND. Thank you, Mr. McClane.

Mr. SHUMAN. Now, Mr. Chairman, I will try to introduce properly, Mr. Adair Merrell, the vice president of the New Mexico Farms and Livestock Bureau. I insist on turning his name around. This is Mr. Merrell.

Senator HOLLAND. Mr. Merrell, by any name I am sure you are just as sweet, so you go right ahead and testify.

Mr. MERRELL. I am vice president of the New Mexico Farm and Livestock Bureau and chairman of the Resolutions Committee of this organization. I am also a member of the Steering Committee of the Cotton Producers Institute from the State of New Mexico. I am a farmer in Hidalgo County and my principal crop is cotton.

Mr. A. W. Langenegger, president of the New Mexico Farm and Livestock Bureau was scheduled to be here but could not come to Washington today for this hearing. I am, therefore, presenting this statement on his behalf.

At the annual meeting of the New Mexicot Farm and Livestock Bureau last November, the membership voted to support the cotton checkoff program as it was originally proposed by the Cotton Producers Institute. After much discussion it was further determined that if the Secretary of Agriculture was given control of the program that our organization would vigorously oppose such legislation.

Under the bill as passed by the House, the Secretary appoints the Cotton Producer Committee and also has the final approval of all research and promotion projects. This puts our organization in the position of opposing H.R. 12322.

We feel that the Secretary of Agriculture has far too much control over farmers in New Mexico at the present time and certainly do not feel like contributing to another program for him to control.

This legislation would give the Secretary of Agriculture authority to impose the research and promotion tax, but it does not bind him to conduct research and promotion programs.

The Secretary must obtain the approval of cotton farmers to collect the funds, but beyond that he will not have to follow their recommendations on how the money will be spent.

As far as the producers referendum is concerned, he needs only to have the approval of 20 percent of the Nation's cotton farmers, who grow two-thirds of all the cotton crop, to impose the tax on 100 percent of the farmers.

Under this legislation the minority could rule.

The language of the act terms the tax an "assessment" and provides a method whereby the farmer may obtain a refund if he declares that he is opposed to the research and promotion program, and if he files a refund claim within 90 days.

Now, only one farmer in a thousand is opposed to research and promotion and most of them contribute to these programs which are sponsored by their commodity organizations.

Most farmers in New Mexico aren't really opposed to the "assessment" or "checkoff" system to provide funds for farmer-managed research and promotion activities which they can control through elected representatives and popular referendums.

What New Mexico farmers are opposed to now is for the Secretary of Agriculture to take complete control of these activities through far-reaching legislation which binds him in no way to the wishes of the cotton farmers who must pay the bill.

I wish to thank the committee for this opportunity and urge that you kill this legislation.

Senator HOLLAND. Mr. Merrell, my understanding is that you are quite willing to have a Government-compelled checkoff list, but you are not willing to have the Secretary of Agriculture have the ultimate authority in connection with the use of the funds is that it?

Mr. MERRELL. That is our position; yes, sir.

Senator HOLLAND. Is there any way to have a Government checkoff amounting to a Government tax without having the Government through some of its agencies responsible for the supervision and control of the agency?

Mr. MERRELL. I doubt that there is, Senator, but that is what our people hope for.

Senator HOLLAND. All right, thank you, sir. I asked the question because it seems to me that the two things go together. If there is going to be a Government compulsion in the enforcement of the contribution, I don't think that this committee or any other agency of Congress could get away from the fact that there must be some Government control and supervision of the expenditure of those funds.

Mr. MERRELL. I think you are probably right. We contend on Federal aid to education that whoever pays the bill is going to call the tune and I think the same thing is true here, but our people had hoped that there would be some way that they could get this money collected and then be able to spend it themselves.

Senator HOLLAND. Thank you. All right.

Mr. SHUMAN. The next is the president of the California Farm Bureau Federation, Mr. Allan Grant.

Senator HOLLAND. Mr. Grant, have a seat, sir.

STATEMENT OF ALLAN GRANT, PRESIDENT, CALIFORNIA FARM BUREAU FEDERATION, BERKELEY, CALIF.

Mr. GRANT. Mr. Chairman and members of the committee, I am the president of the California Farm Bureau Federation and I am also a cotton grower.

I. The adoption of H.R. 12322 by the Congress would be undesirable and premature.

A. It is not good grower legislation.

B. It does not offer a real solution to the cotton problem.

II. It would question the real value of the legislation, as far as growers are concerned, on the basis that:

A. While we do have a cotton problem of a national and international nature, there are also problems with cotton in individual States that cannot be resolved by a national program administered by the Federal Government.

B. H.R. 12322 is less an industry bill than an adjunct to the Federal program for cotton.

1. Section 2 of the bill spells out that it is in the public interest to keep cotton supply in reasonable balance with demand and that to do this a "cotton program" is necessary; and that in order for the objectives of such programs to be effectuated to the fullest degree, the existing regulation of marketing be supplemented by an overall program of increasing the demand for cotton. The bill declares that it shall be the policy of the Congress to authorize and enable the establishment of a research and promotion program for cotton to be financed "* * * through adequate assessments on *all* cotton harvested in the United States."

(*a*) The point here is that while the bill may, in its original form provide for a grower to ask for a refund and the assessment level shall be $1 a bale; there is no assurance that Congress might not make changes it feels are necessary to carry out its aforementioned policy.

C. The referendum provisions, while they will provide the criteria for the Secretary to put the program into action, will not necessarily be an indication of support for the program—the small growers could vote it in and the large growers request return of their assessments; or vice versa.

1. Speaking for California, while the referendum provisions of H.R. 12322 are somewhat similar to those in other Federal marketing orders, our growers have indicated, with the highly successful California Marketing Act, that referendum requirements should involve growers and volume and percentages of all growers, not merely those voting.

D. Though H.R. 12322 was first conceived as a grower program, no one should labor under the delusion that this is what it will be. If the power of the Federal Government is to be used it will be a political program. California, as well as other States, has some unique cotton problems and Washington is a long way from California.

III. In the interest of growers, taxpayers, and legislators who all need answers to the problem of cotton, the question must be asked: "Does H.R. 12322 do what has to be done?" There is no question that if cotton is to be economically produced and marketed there must be research, both cultural and marketing, for this essential fiber.

A. We question the thought that the pooling of funds nationally will help all cotton producers in the Nation. We particularly question the return on investment in instances where particular products are unique to the degree that they are salable and are not plagued with the same problem as the rest of the industry.

1. Quality cotton is sought after—it is salable—will it continue to hold a premium position if all cotton is promoted?

B. In view of the fact that "manmade fiber" producers are investing $135 million in research and $70 million in promotion, will the program in H.R. 12322 do that which has to be done? Can it possibly be the answer at $1 per bale particularly with diminished acreage and the proven unwillingness of certain areas of production to contribute? Would we be better off with a State by State approach?

C. Has the CPI program actually failed or does it need some reorientation? Theoretically, if growers won't support the present CPI program, won't they want their assessments returned from a similar program administered by the Government? Growers have indicated that they want the Government out of the cotton business.

D. Considering the "intent of Congress" in relation to supply and demand, should the Government's program involve assessments only on producers? It should be noted that growers are saying, "Why promote the sale of cotton when we are limited in the amount we can produce whether or not it is salable?" There seems to be little relief in sight, particularly since Mr. Schnittker said in California a few days ago that it would take 4 or 5 years to eliminate the surplus of cotton.

We oppose the passage of H.R. 12322.

Senator Holland. Mr. Grant, you say you are a cotton producer?

Mr. Grant. Yes.

Senator Holland. Do you produce the longer staple or the so-called shorter.

Mr. Grant. We produce the Caliph 422, which is the San Joaquin Valley cotton.

Senator Holland. The longer staple?

Mr. Grant. Yes.

Senator Holland. That is the premium cotton of which you spoke in your statement?

Mr. Grant. Yes.

Senator Holland. How much do you produce on your farm?

Mr. Grant. 200 acres, that is what it is now, but it used to be twice that much.

Senator Holland. Are you one of the fortunate ones that produce three bales to the acre?

Mr. GRANT. No, we don't do that. We have a problem in our area and so we produce less than we did 4 years ago.

Senator HOLLAND. Two bales to the acre?

Mr. GRANT. Yes, sir.

Senator HOLLAND. Then you produce about 400 bales. What percentage of the cotton farmers in California do you know are included among the members of the California Farm Bureau?

Mr. GRANT. What percentage of the cotton farmers are members?

Senator HOLLAND. Yes.

Mr. GRANT. I don't know that. We are in the process of ascertaining those facts this year and next. I can't give you an adequate or accurate answer at the present time, but I would say most of them.

Senator HOLLAND. What is the membership of your California Farm Bureau Federation?

Mr. GRANT. 60,000 families plus, I think 60,700. I might give you a partial answer. My own county is Tulare County. There are 5,000 farms in the county and we have about 4,400 members, family members in the county.

Senator HOLLAND. Has this matter been discussed at your County Farm Bureau Federation?

Mr. GRANT. Yes.

Senator HOLLAND. At a well attended meeting?

Mr. GRANT. Yes, well attended meetings.

Senator HOLLAND. What was the verdict of the membership then?

Mr. GRANT. Again, I can't give you an explicit answer as to how cotton farmers would answer your question at this time, because there is a strong division of opinion at the present time. But, this division of opinion is centering in opposition to this bill. I think, perhaps, not the bill so much, at this time, as the present cotton program has antagonized cotton farmers in California to the degree that they are opposed to almost anything that the Federal Government is involved in, as far as agriculture is concerned.

Senator HOLLAND. Thank you, sir. Senator Jordan?

Senator JORDAN. Mr. Grant, you said the cotton farmers. I don't think you speak for the cotton farmers of the United States when you say the cotton farmers would like to get the Government out of business. I know that the California farmers would to some extent, because you say your cotton is saleable. Well, that is quite true. You raise a good cotton, and some of the cotton that has been produced is in the warehouses as you well know.

But, on the other hand, if you took the support price off cotton, it would drag your price right down with it. You would be in just as much trouble, because if you turn 16 million bales of cotton loose, and just put it on the market, you would be getting 15 cents, maybe 20 cents per pound, and I think you know that.

Mr. GRANT. No, I wouldn't agree with that price, Senator.

Senator JORDAN. You would be lucky to get that much because you would sell yours first, except coker cotton and a few other ones. You know what coker cotton is.

There is no question about the fact that there has been some poor cotton produced, produced for the Government, too. There is no question about that. That is being remedied and is going to be

remedied. But you also know that it was necessary to reduce the production of cotton, or the whole support program would fall apart.

Mr. GRANT. Yes.

Senator JORDAN. We are giving India a great big hunk of our surplus, and if we don't watch it they will bring it back here woven into cloth. But that is a problem. You have got less of a problem except you want more acreage but you do know where you got those acres too don't you. You got them from North Carolina, South Carolina, Georgia, and Alabama before we stopped the flow of acres out of the South.

That is where they came from.

Mr. GRANT. Mr. Chairman, I would not like to presume on the Senator's good nature, but he makes the statement and I must answer it. He said that the cotton that California has came from various other States.

Senator JORDAN. The acres.

Mr. GRANT. The acres, and yet at the same time he said that California cotton is salable and some other cotton is not. So I contend that the California cotton acreage did not come from anyplace else, but goes to the market because there was a demand for it.

Senator JORDAN. They have done a good job of experimenting out there and developing a good seed cotton and you have got a law to protect your seed too.

Mr. GRANT. Yes.

Senator JORDAN. Which has been very, very wise. I think if some other States did the same thing, cotton would probably not be in the trouble it is in today, but when you raise more of anything than you can sell, you are in trouble with it. I don't care what it is.

Mr. GRANT. Mr. Chairman, again I would call the Senator's attention to his last statement. We don't raise more than we can sell.

Senator JORDAN. I know you don't.

Senator HOLLAND. Let me ask a question since we are all in a good humor. Do you all belong to the CPI program?

Mr. GRANT. Yes, I contribute to the CPI and also the American Dairy Association, both on a voluntary basis.

Senator HOLLAND. You are also a dairy man?

Mr. GRANT. Yes.

Senator HOLLAND. As well as a cotton producer. Does the cotton industry of California generally support the CPI?

Mr. GRANT. I think better in California than anywhere else.

Senator JORDAN. I don't have anything further.

Senator HOLLAND. Thank you.

Mr. SHUMAN. The next gentleman we have on the list is Mr. C. H. DeVaney, president of the Texas Farm Bureau.

STATEMENT OF C. H. DeVANEY, PRESIDENT, TEXAS FARM BUREAU, WACO, TEX.

Mr. DEVANEY. Mr. Chairman and members of the committee, I am C. H. DeVaney, president of the Texas Farm Bureau. We have 95,000 farm families in our State organization. I am a dry land cotton farmer at the foot of South Plains, Tex. I have been a pro-

ducer delegate to the cotton council for several years. We have worked in the farm bureau with the council, the CPI from the very beginning.

Senator HOLLAND. Are you a contributor to CPI.

Mr. DEVANEY. No sir, I am not. Our area is just off of the area where it is concentrated in our entire county, signed up and started into the program, our entire area there, and when the staff boys got to working in there with the ginners and they wouldn't contribute, the ginners wouldn't check it off after the farmers had signed up, why the staff boys decided with their steering committee there in our area to leave that area out until we got the rest of the State where there is more cotton.

Senator HOLLAND. Is your area one of the ones where the ginners break up between some who would and some who would not join CPI?

Mr. DEVANEY. No; they got together and all of them decided not to, right in our area. You see, the year that we started the CPI checkoff there in that particular area, the price of seed went down and in our area they just don't charge you for ginning above what your seed will bring. They gin for the seed, whatever it is, and as a resnlt of that there is another $1 a bale that they would lose on that. So the ginners just all got together and agreed that none of them would take it all.

Senator HOLLAND. I see. All right, sir, proceed.

Mr. DEVANEY. Our delegates at our State convention this year voted almost unanimously, there wasn't even a division of the vote, in favor of the position as Mr. Shuman stated it here. At the American convention it was the same way.

Senator HOLLAND. Are you speaking of the farm bureau?

Mr. DEVANEY. Yes, sir.

Senator HOLLAND. Meetings for the State?

Mr. DEVANEY. Yes, sir.

Senator HOLLAND. Or are you speaking of your county meeting?

Mr. DEVANEY. I am speaking of the State convention. Now prior to our State convention, copies of the proposed bill that the CPI was proposing was carried to many of our counties and they didn't buy the original bill. Then since the passage—and as I said, we took the same position as Mr. Shuman said, but since the passage of the bill in the House we have sent to each county a copy of the bill that you are considering here. We did have in certain areas where other cotton leaders in the cotton council or others, staff people came in and explained this program to the county boards, explaining the need for the research and promotion program spending most of the time on that, and hitting the bill very lightly. We have had some few counties in the State, county farm bureau boards that have said that they would support this proposal.

The interesting thing to me is that in two or three instances when they have not read the bill, when these same boards read the bill they would change their action again and say they are opposed to the legislation.

Senator HOLLAND. How many of the county boards in Texas have advised you that they support the bill?

Mr. DEVANEY. Three.

Senator HOLLAND. And how many cotton counties do you have in Texas?

Mr. DEVANEY. Well, I think cotton is grown in all counties. I believe it is in all counties, 254. It either is or has been grown.

Senator HOLLAND. How many counties have expressed their opposition to the bill through their county board action?

Mr. DEVANEY. Three is all that have notified us.

Senator HOLLAND. Opposition to it?

Mr. DEVANEY. Oh, in opposition to it. Well, there has been I suppose 15 or 20 meetings that I know of just offhand in the last week that have been held where this was presented to them, the bill and all was presented to them and they expressed their opposition to it there. Our board is in session, our State board is in session in Waco yesterday, today and tomorrow.

Senator HOLLAND. Have they taken any position on this bill?

Mr. DEVANEY. Yes, sir. A member of the National Cotton Council Board is on our board. There are four producer delegates to the National Cotton Council, and there are two that are in the CPI area, and on the steering committee that are on our board. They took action yesterday unanimously to tell me to come up here and testify today in opposition to the bill, and pledging all of the resources of the Texas Farm Bureau to fight it locally and also in the referendum if it does pass.

Senator HOLLAND. How many farm families do you have in the Texas Farm Bureau?

Mr. DEVANEY. 95,000, a little over 95,000.

Senator HOLLAND. Questions, Senator Jordan.

Senator JORDAN. I only have one question. You are upland cotton?

Mr. DEVANEY. Dry land, yes.

Senator JORDAN. You are. What is your staple length?

Mr. DEVANEY. Oh, anywhere from thirteen-sixteenths to up to an inch in a good year. It is short staple cotton just according to the rainfall.

Senator JORDAN. That is the cotton that is really in trouble, isn't it, to a great extent? A lot of it is.

Mr. DEVANEY. In our particular area there, I don't know what all is involved in it, but in our particular area usually in our county we get a little bit over the loan, have down through the years on most of our cotton.

It is the tensile strength or something that makes it one of the key points through the years. But I think you are right. By and large that staple is in trouble in many areas.

However, our information the last time we had the boys check into it, the biggest supply of CCC stock as I remember it was over an inch, and it was white cotton. Now I don't know if that is true today.

Senator JORDAN. You mean in the commodity credit stocks?

Mr. DEVANEY. Yes, in the commodity credit stocks.

Senator JORDAN. Well, there is some doubtful length in there.

Mr. DEVANEY. Yes.

Senator HOLLAND. My information is like that of Senator Jordon, that the principal difficulties have been in the short staple producing areas, and that those who produce the longer staples like in California and in other places too, where the production is particularly favorable have not been in trouble.

Mr. DEVANEY. Well, Senator, I have heard that ever since we have had a cotton program, ever since we have been putting cotton into the CCC stocks. But we have run some checks on it, and our information is, two or three times in the past 10 years that we have actually run checks on it, it was what we would call a better grade of cotton than we produce out in our country, and a longer staple, that a majority of the stock, the CCC stock would be that type of cotton.

The council boys could give you a better answer maybe.

Senator HOLLAND. Thank you.

Mr. DEVANEY. Thank you, sir.

Mr. SHUMAN. Next we have Mr. Clyde M. York, president of the Tennessee Farm Bureau Federation.

STATEMENT OF CLYDE M. YORK, PRESIDENT, TENNESSEE FARM BUREAU FEDERATION, COLUMBIA, TENN.

Mr. YORK. Mr. Chairman, I am Clyde York, president of the Tennessee Farm Bureau. I have a very brief statement, three short paragraphs which I would like to make a part of the record in general support of the statement which President Shuman gave. And then if I may, I would like to comment briefly on just two points that have been brought out here in the discussions up to this point.

Senator HOLLAND. Do you want to put your three-paragraph statement in the record without reading it?

Mr. YORK. That will be fine.

Senator HOLLAND. You may make such comment as you wish.

(Mr. York's prepared statement follows:)

For 40 years the Tennessee Farm Bureau has given its full support to all efforts in behalf of research and promotion for cotton that were conducted on a voluntary basis as it relates to the choice of the individual farmer and where funds collected for this purpose have been administered by an organization of producers. Likewise we have supported appropriation of public funds for these purposes and have recognized that expenditure of public funds so appropriated must be supervised by appropriate agencies of Government responsible for them. There is every indication that members of the organization will continue their support along these lines.

However, our membership opposes the collection of private funds from individual growers to be administered or supervised by public agencies as provided for in H.R. 12322. Even if they were not opposed in principle to this approach, they would object to a legislated approach to this matter which provides for growers to bear a disproportionate share of the cost of a research and promotion program which, if it has value, will benefit all segments of the cotton industry.

We, therefore, pledge our continued support of worthwhile and acceptable efforts at wholly voluntary financing of research and promotion for cotton. We oppose the enactment of H.R. 12322 and will appreciate the committee giving consideration to these, our, views. This position has been arrived at by the cotton-growing members of our organization after widespread and extensive discussion in cotton-growing counties and communities in our State, and after proponents of this legislation have presented the case for it to representative leaders from cotton-growing counties in the State.

Mr. YORK. You asked President Shuman if he were prepared to throw the full resources of the farm bureau behind the voluntary effort in this field, and I think I can assure you that as far as Tennessee is concerned, this would be done. There is about one-third of our State that produces cotton really. I can assure you that for whatever

we can contribute that would be done. That is definitely the feeling of our people.

The second thing I do want to assure you that the position of the Tennessee Farm Bureau was arrived at after a widespread discussion in communities and counties across our State, and so far as I know at the present time within our organization, the cotton growers within our organization, it approaches a unanimous position.

I would like to comment briefly on what has been said about the promotion of synthetics and the effect that has played in the great growth in the market for synthetic yarns that has taken place.

To my knowledge all of that promotion has been done by people who have processed these goods and marketed them, and they have done the promotion by advertising to the consumer the qualities of the finished product that appeal to him. No producer of raw materials such as pulpwood, and there is a lot of them in our State, have been called upon to make any contribution to this, and the advertising that has been done has been all together advertising of the finished product.

The other point it seems to me, and we are getting an example of it in our State now, Senator Mondale perhaps facetiously said to someone here, that they are taxing oleo now to promote butter in Minnesota, and while he was joking, in all seriousness I wonder if the time isn't just around the corner, if we start with various commodities, with a legislative assessment for promotion purposes, if the same individual farmers won't begin to be assessed for promoting different products, maybe even ones that he grows on his own farm. At the present time now we have a good many cotton farmers who are going into soybeans pretty extensively and we are beginning the development of soybeans in our State, and there has been statements to the effect that such a thing would need to be done with soybeans when they come along.

We very soon could find ourselves with the same individual farmers being assessed for different commodities which he grows some of which are in competition one with the other.

I believe that, with the brief statement which I have filed, constitutes the comments that I would like to make, Senator, and I thank you, sir.

Senator Holland. What is the size of the Tennessee Farm Bureau Federation, sir?

Mr. York. 76,000 families are members.

Senator Holland. Has this matter been considered by any of the county farm bureaus as far as you know?

Mr. York. As far as I know it has been considered by all the county farm bureaus, Senator Holland.

Senator Holland. Have they taken an affirmative position with reference to this particular bill pending here now in your county farm bureau?

Mr. York. If I might briefly explain to you the procedure that has been followed, prior to the time—we usually go through a 5- or 6-week period of discussion with representatives of the county farm bureaus at area meetings. Those are well attended by representatives of our county farm bureaus. They take the subjects which come up for dis-

cussion at those meetings, and take them back home, and discuss them with others in their county concerned for a period of 3 or 4 weeks, and then submit their recommendations to the State resolutions committee, which in turn submits those recommendations, then summarizes them and submits the majority recommendations to our delegate body at our convention.

This starts about August or September and continues and climaxes with the delegate body at our State convention in November.

This was done and a little more than that was done this time in our State. We had representative leaders from our county farm bureaus in the cotton-growing area in which some of the well informed proponents of this legislation came and visited with them and made an explanation. They are here today, some of the folks who did this. They took this and the other information they had about it back to the county farm bureaus, and we could never claim that we have unanimous expression from all individual members, but this expression has been unanimous from our county farm bureau units.

Senator HOLLAND. In all cotton counties?

Mr. YORK. In all cotton counties to this extent. That they have participated in the discussions. There was no affirmative action taken, and most farm county bureaus have been very active in opposition. We have many, many counties that have expressed themselves through signatures on petitions to our own Senators to the extent of 300 or 400 signatures per county.

Senator HOLLAND. Senator Jordan.

Senator JORDAN. No questions.

Senator HOLLAND. Thank you very much.

Mr. SHUMAN. Next we have Mr. Lewis Munn, president of the Oklahoma Farm Bureau.

STATEMENT OF LEWIS MUNN, PRESIDENT, OKLAHOMA FARM BUREAU, OKLAHOMA CITY, OKLA.

Mr. MUNN. Mr. Chairman and gentlemen of the committee, my name is Lewis Mann. I am president of the Oklahoma Farm Bureau. We currently have a membership of 42,750.

Our delegate body for at least 10 or 12 years has consistently opposed any type of a promotion program through Federal legislation. Mr. Chairman, I think one of the reasons why they have so consistently opposed this type of program is that they recognize the answer to the question you asked a while ago that you can't go this route and retain the control in the hands of the people who pay the bill. At least I have never seen a piece of legislation that provided for this, and I presume that perhaps it cannot be done either at the State or National levels. We have had quite a long controversy in our State over the wheat commission, which was finally passed as a result of a trade out with some other groups.

One of the things upon which our people oppose this was that the producers would not have absolute control over the program, and I think another reason why they have opposed this is because of the precedent that such legislation would set for other commodity groups

to come in, once there is a piece of legislation like this enacted and placed on the statute books.

It would seem very difficult for the Congress or the State legislature to deny some other commodity group the same privilege.

Now, all of the proponents of this proposed legislation that we are discussing that have talked to me on behalf of it have been people who are not purely producers. They have been folk who had some interest other than production. I don't say that none of them had production, but all of them had some other interest.

So far as the producers of cotton in the State of Oklahoma being for or against this particular piece of legislation, the rank and file producer does not actually know what is contained in the legislation. At least this is what I am told by some reliable people, and this is exemplified by one gentleman who wrote me a rather caustic letter following the hearing in the House on this bill wanting me to explain why I was up here opposing such legislation, and I invited him to get a copy of the bill and thoroughly study it, which he did, and later notified me and made a statement in a meeting I happened to be in that he was just as opposed to it as I was when he once found out that the control was vested in the hands of the Secretary rather than in the hands of the producer as he understood it to be. So really about all I guess that our producers know of this legislation is what was given them in the early stages of this proposal when it was presented to them as being a program that would remain in the control of the producers.

Now as I visualize this, the absolute control is in the hands of the Secretary of Agriculture to whatever extent he wants to consider it his authority, and I would certainly view this as very definitely compulsory checkoff in that it provides for a fairly stiff penalty for any one who fails to make this checkoff.

The voluntary part in this program as I would see it would be strictly on the part of the producer, and it would be voluntary on his part as to whether he left the money with them once they had collected it, but there would be no question about the collection of it.

Now the Oklahoma Farm Bureau has consistently supported the efforts of the National Cotton Council, and we have offered our assistance to everyone who has come to us on this program. We have offered our assistance on behalf of the voluntary promotion program such as the CPI. And certainly we are ready and willing to do this on such a program. But our people have consistently as I stated previously, opposed the checkoff program, through legislation.

Senator HOLLAND. Thank you, sir.

Senator Jordan.

Senator JORDAN. No questions.

Senator HOLLAND. Thank you, Mr. Munn.

Mr. SHUMAN. Next we have the vice president of the Mississippi Farm Bureau Federation, Mr. Herbert Huddleston, and also with him is Mr. E. L. Boteler, Mr. Chairman, chairman of the resolutions committee, Mississippi Farm Bureau.

Senator HOLLAND. All right, gentlemen, you may proceed.

STATEMENT OF HERBERT HUDDLESTON, VICE PRESIDENT, MISSISSIPPI FARM BUREAU FEDERATION, LAMONT, MISS.

Mr. HUDDLESTON. Mr. Chairman and gentlemen of the committee, I am H. H. Huddleston, vice president of the Mississippi Farm Bureau Federation, and my colleague here is Mr. E. L. Boteler, chairman of our State resolutions committee. We are here at the request of Mr. Boswell Stevens, due to his inability——

Senator HOLLAND. Right here may I place in the record a written statement received by the committee from the gentleman you have just mentioned, Mr. Boswell Stevens, who says he is president of the Mississippi Farm Bureau Federation, is that correct?

Mr. HUDDLESTON. That is right; yes.

Senator HOLLAND. You are familiar with the contents of this?

Mr. HUDDLESTON. Yes; I have a copy that I was prepared to offer in the event that you did not have a copy.

Senator HOLLAND. This statement will appear in the record.

(The document referred to follows:)

JACKSON, MISS., *April 15, 1966.*

SUBCOMMITTEE OF THE SENATE AGRICULTURE AND FORESTRY COMMITTEE,
Senate Office Building,
Washington, D.C.

GENTLEMEN: I am Boswell Stevens, president of the Mississippi Farm Bureau Federation, with a membership of more than 61,000 farm families. I have been president since 1950, and have been associated with the Farm Bureau since 1923.

We, in Mississippi, use the delegate system of representation from our 82 county farm bureaus. Our policy matters the county farm bureaus are represented in proportion to the membership within that county farm bureau. Each county farm bureau which meets the minimum requirement under the bylaws, is entitled to one vote, plus an additional vote for each 250 of its active members. We also use a 20-man resolution committee, which is selected from every section of the State, who meet for several days 6 weeks before the annual meeting to propose resolutions that will be sent to the delegate body. These proposals are sent to each county farm bureau for their study prior to the time they will be asked to vote for, against, amend, or delete any part or sections. At the business session of the annual meeting, the resolutions committee had proposed a vvoluntary approach to financing the National Cotton Council and Cotton Producers Institute. There were certain people who thought that this should be changed. There was a second meeting of the resolutions committee, at which time the staff of the council was allowed to present a program of the council and Cotton Producers Institute directer toward making a contribution of a mandatory nature. After the presentation, the resolutions committee members voted 17 to 2 to present to the 305 delegaes the following language:

NATIONAL COTTON COUNCIL AND COTTON PRODUCERS INSTITUTE

"We commend the National Cotton Council of America for performing outstanding, unique service through cotton promotion, advertising, education, and utilization research. We urge further efforts in a combined industry program to increase cotton consumption and expand markets.

"We call attention to and support self-help opportunities offered cotton farmers through the Cotton Producers Institute's program to provide needed funds for cotton promotion and research. We recommend increased voluntary support for this program and urge participation by all State cottongrowers.

PROMOTION OF AGRICULTURAL COMMODITIES

"The Mississippi Farm Bureau Federation, through its county farm bureaus, should stimulate interest among farmers and urge increased support for sound, well-coordinated programs to promote the increased sale and consumption of farm products without duplication of effort.

"Where well-established, nationally recognized organizations are carrying out industrywide promotion programs on a well-coordinated basis with adequate producer representation, we continue to support and help improve them.

"Promotion programs need periodic review to determine their effectiveness. Participating producers and their organizations should be encouraged to seek an evaluation of these programs and to recommend improvements.

"We believe that any funds raised for the purpose of promoting the sale of farm commodities should be collected on a voluntary basis, administered by a nongovernmental organization of producers—with handlers and processors included where it is mutually agreed that they should be included—through its board or committee, and used solely for the specific purposes for which collected and not for legislative or political activities.

"We define a voluntary checkoff as one using a per unit basis following written consent of the producer and subject to revocation at any time by the producer."

Thirty-eight years ago, Oscar Johnston, the founder of the National Cotton Council, called on me to help him organize the cotton council. I spent many days and weeks traveling with Mr. Johnston, making many meetings, telling the story of the National Cotton Council. At the organizational meeting, I was elected a producer member of the board of directors, and served in that capacity until 1960, when I was elected president of the National Cotton Council. Under the bylaws, I was elevated to chairman of the board and have served since that time as an adviser to the board.

During my tenure of office as president of the cotton council, I had many calls, letters, and requests of various kinds to call cotton producers together looking toward an organization of producers for the specific purpose of allowing producers the opportunity to make additional contribution to support a research and promotion program. As president of the council I refused to call this meeting, but as a producer delegate I did request such a meeting and there was overwhelming response to my invitation to meet. Almost 100 percent of the producer delegates to the council attended the meeting, at which time I was chosen the chairman of the group and further given the responsibility of appointing a 20-man committee to make a study and evaluation of such proposal. This was done and after months of meeting and study by the committee we delevoped the Cotton Producers Institute, which found ready acceptance among the producers. The committee and the producers approved of a voluntary contribution of $1 per bale to the Cotton Producers Institute. There was never any thought given to a mandatory program. The program was begun in the West, moved into the Central States, and then into the eastern producing States. More than $3 million per year was collected on a voluntary program and in my opinion had we kept it on strictly a voluntary basis, the amount of collections would have increased. Farmers became aware of the thought that was being given to mandatory collection of a minimum of $1 per bale. This, along with other factors, began to cause competition among the collecting agencies. Some would say they would collect and others would not.

I continue to believe that if it was known that no serious consideration was being given to legislation almost forcing the producers to make a contribution, that farm organizations, cooperating with the CPI and NCC, could convince farmers for their self-preservation they must make the needed contribution.

We have reviewed the bill (H.R. 12322) introduced by Congressman Cooley on January 26. This proposal gives the Secretary of Agriculture, whoever he may be, unprecedented powers. I call your attention to the fact that he must approve every program that is proposed whether it be for promotion or research. He must approve all agencies, he is allowed to appoint representatives if he believes that any area or segment is not being properly represented, and though the bill provides that if a cotton producer desires a refund of the contribution he has made he can obtain it. The provisions are cumbersome and embarrassing. Many cotton producers sell their cotton almost as it is ginned, some desire to sell it on a weekly basis, some hold until a given number of bales are accumulated, but the average cotton producer could make as many as 5 to 15 sales per cotton season. It would be an undue hardship on this cotton producer, whether he be small, medium, or large, to keep track of the time and person to whom the cotton was sold and to make the necessary requests that his contribution be returned. It would be cumbersome and time consuming, to say the least of it.

We do not believe it is to the best interest of the cotton producers of this country to have to work through governmental agencies to collect and spend their own money for research and promotion of our own American-grown cotton.

Again, Mr. Chairman, we plead with you to recognize the position that our 305 delegates took at our last annual meeting, which, in my opinion, the proposed legislation goes contrary to the wishes expressed by the delegates.

We appreciate this opportunity to make this statement before this committee.

BOSWELL STEVENS,
President, Mississippi Farm Bureau Federation.

Mr. HUDDLESTON. I am a resident of Lamar, Miss., where I have lived and farmed cotton for over 30 years. I have been a supporter of the cotton council from its very beginning. In fact it originated in our neighborhood. I am a charter member of the CPI organization, the Delta Staple Cotton Organization and many other worthwhile organizations in our area.

Senator HOLLAND. Have you been a contributor to the CPI program?

Mr. HUDDLESTON. Yes, sir.

Senator HOLLAND. Regularly.

Mr. HUDDLESTON. Yes, sir.

Senator HOLLAND. All right, proceed.

Mr. HUDDLESTON. In my judgment, let it be worth what it is, we think the CPI program has been successful to a certain degree to a rather substantial degree. In fact when you talk about a collection of $3 to $6 million, that is a substantial amount of money. That doesn't mean to say that that is the only answer. That is a partial answer, research and promotion, which we have supported all along, recognizing that cotton is in a rather bad state, we believe that the approach to this whole problem is not through the support of the present legislation.

We think that what we need to do, the farm bureau has so stated since the adoption of the policy in November, that we offer our services to further expand and stimulate a voluntary participation in the CPI program.

Right here I would like to offer a piece of information that is dated September 6, 1962, on the stationery of the Cotton Producers Institute over my good friend Corley Cortright's initials, that was accompanied by a series of questions and answers explaining the CPI program as we initially understood it to be.

Question 16, and I am reading, states:

Why not a Government checkoff to raise funds?
That is the question.

The answer is:

Because of the danger of Government fund raising ultimately leading to Government control.

That is one of the objections to the new present situation.

Senator HOLLAND. Do you offer this letter of 1962 for the record or are you simply reading that?

Mr. HUDDLESTON. I will be glad, sir, to simply offer it for the record.

Senator HOLLAND. Without objection, it will be incorporated in the record.

(The document referred to follows:)

COTTON PRODUCERS INSTITUTE,
Memphis, Tenn., September 6, 1962.

From: George C. Cortright, Chairman, Mississippi Delta Steering Committee.
To: Unsigned members, Cotton Producers Institute committees.

We have just completed the organizational phase of establishing the Mississippi Delta Steering, Founders, and County Organizational Committees for the Cotton Producers Institute. These, as you know, are growers who have attended the various committee meetings and have had an opportunity to review the program of the institute in detail. They are also the growers who have been asked to take a position of leadership and responsibility in conducting the educational and signup plan for the institute in our area.

We are sure you would agree that for a committee member to be most effective he needs to pledge his production. Most of the committee members have already turned in their agreements. A list of those already received is enclosed for your information. If you have not signed an agreement, please send it in at your earliest convenience, as it would be most helpful to have this phase of the operation completed.

We are now asking for your all-out cooperation in signing additional growers whom you feel you can talk with. Should you need additional meetings in your area, or further information, please get in touch with either me or Walter Rayner, 845 Cedar Street, Greenville, Miss. We appreciate your support, and are counting on your continued cooperation.

G.C.C.

THE COTTON PRODUCERS INSTITUTE

1. What is the Cotton Producers Institute?

Answer. The Cotton Producers Institute is a new, voluntary, nonpolitical, national business organization of American cottongrowers.

2. How did it come into being?

Answer. The Cotton Producers Institute was created by cotton producer leadership from all across the Cotton Belt, representing all major organizations that include cotton farmers in their membership.

3. What is its purpose?

Answer. The purpose of the Cotton Producers Institute is to expand the total market for U.S. cotton in those ways that will increase production and profits for the grower.

4. What methods will be used to achieve this goal?

Answer. The Cotton Producers Institute will utilize modern American business methods of research and promotion to achieve its goal.

5. How big a market can U.S. cotton have in the forseeable future?

Answer. U.S. cotton can have a 20-million bale market by 1967 or 1968 if cottongrowers will initiate the necessary research and promotion program. This is roughly a 25-percent increase above present market levels.

6. Have any limitations been placed on institute activities?

Answer. Yes. The Cotton Producers Institute can conduct research and promotion activities only on a grant, contract, or cooperative agreement basis.

7. Will the Cotton Producers Institute hire staff or incur other overhead expenses?

Answer. No. 100 percent of all funds raised by the Cotton Producers Institute will be spent on operating research and promotion programs. This is achieved through agreement with the board of directors of the National Cotton Council who have made available their staff and facilities for raising funds and supervising projects.

8. Why doesn't the institute maintain its own office and staff?

Answer. Maintaining its own staff and offices would take too great a portion of each dollar raised and would be a wasteful duplication of the council staff and facilities.

9. How will institute activities be financed?

Answer. Through a voluntary producer authorization at the rate of $1.00 per bale to be collected at the gin.

10. How was this finance plan arrived at?

Answer. It was developed for each State or major cotton-growing area within a State by the cotton producer organizations that operate within that State or area.

11. Who will select institute projects and allocate funds?

Answer. A board of cotton producer trustees will select projects and allocate funds.

12. How will trustees be selected?

Answer. Institute trustees will be selected by the cotton producer organizations operating within each State or area and in direct ratio to the amount of money contributed from that State or area. One trustee will be allocated for each $150,000 or major fraction thereof.

13. Will the Cotton Producers Institute duplicate activities of other organizations?

Answer. No. Its funds will be used only for research and promotion projects over and beyond those now possible through the National Cotton Council.

14. Will the Cotton Producers Institute be competitive with other organizations?

Answer. No. The Cotton Producers Institute will conduct national programs that build a bigger total market for U.S. cotton. It will still remain for local organizations to get a bigger share of the total market for their area and to work on those problems that are peculiar only to their local areas.

15. Why are cotton producers financing the entire program?

Answer. Because they have the biggest stake of all in cotton's future and they want a program they control 100 percent. Also, in a free enterprise system, either the producer or the consumer eventually pays all costs involved in processing and marketing any raw commodity.

16. Why not a Government checkoff to raise funds?

Answer. Because of the danger of Government fund-raising ultimately leading to Government control.

17. Is the program being initiated on a Beltwide basis in 1 year?

Answer. No. California, Arizona, New Mexico, and west Texas adopted finance plans for 1961. During 1962, the rest of Texas, Oklahoma, Arkansas, Louisiana, Mississippi, Tennessee, and Missouri will come into the program. The Southeastern States will come in during 1963.

18. Why a staggered schedule?

Answer. To enable the council staff to organize and service fund-raising activities without having to make substantial personnel additions.

19. What is the tax status of funds contributed to the institnte?

Answer. Money contributed to the institute can be deducted from taxable income as a cost of doing business.

20. What is cotton's competitive position in the area of research and promotion?

Answer. Prodncers of synthetic fibers spend $110 million a year on research and promotion. By comparison, the raw cotton industry's total is only $21 million a year, including research done by Federal and State agencies.

21. How much money is needed?

Answer. The special Beltwide producers' committee has outlined prefitable research and promotion opportunities that could require expenditures up to $10 or $15 million a year.

22. Do other agricultural groups conduct programs of this type and size?

Answer. Yes, many others. On promotion alone, the dairy industry spends $25 million a year and the fruit industry spends $20 million.

23. How may I participate?

Answer. By signing a charter membership agreement with the Cotton Producers Institute and by urging other producers to do likewise.

Mr. HUDDLESTON. Now I did not intend to really get into you might say a family affair, because many of these fellows are close friends, associates, and neighbors of mine. But Dr. C. R. Sayre read into the record yesterday of some 11 delta county farm bureau boards had deviated from the original position and had reversed itself, which is true. What does that mean? What does it mean to me?

In November or prior to November of last year, we had discussions of this problem pro and con on the county level and the State level,

and as a result the policy that we now support, that is farm bureau and the American Farm Bureau, the Mississippi Farm Bureau, was passed by the resolutions committee by a vote of 19 to 2.

Senator HOLLAND. This is the State Resolutions Committee.

Mr. HUDDLESTON. The State Resolutions Committee of which Mr. Boteler is chairman. When it was presented to the delegate body of 307 delegates, there was not a dissenting vote. I am not indicating here that there would not be some who would object. That would be almost unthinkable. To me these actions mean this. That first they agree that this was a right policy. For reasons of their own then they had seen fit to think otherwise.

Senator HOLLAND. You mean opposition to the pending measure is the right policy or support of the pending measure.

Mr. HUDDLESTON. Opposition to House bill 12322.

Senator HOLLAND. All right.

Mr. HUDDLESTON. Which was the adopted policy of our State organization in agreement with all segments of our State.

Now I am surprised that there are not more than 11 counties who have board of directors that have deviated.

Senator HOLLAND. How many counties in Mississippi have farm bureau organizations?

Mr. HUDDLESTON. Eighty-two, sir.

Senator HOLLAND. How many counties in Mississippi produce cotton?

Mr. HUDDLESTON. Probably half.

Senator HOLLAND. You are from a delta county are you not?

Mr. HUDDLESTON. Yes, sir.

Senator HOLLAND. All right, proceed.

Mr. HUDDLESTON. Within the length of my lifetime and some of yours, the world production of cotton according to the information I have has increased some four or five times worldwide, whereas the production in the United States has, for reasons of one kind or another, stayed pretty well the same. If we have a problem within our cotton industry, in my judgment it is very much like a three-legged stool. Research and promotion are only two of those legs. Volume is another leg that we must by all means pursue. That not only means local consumption, home consumption, but it means farm markets. So most of us have been very proud of the successes of the cotton council in their achievements. I think the CPI has done a tremendous job. And to complicate the support of many of our independent producers with this type of legislation, which there is considerable resistance to, I will promise you, it would bring about the loss of the progress we have made rather than increase any interest. That is about the extent of my commentary, Senator. I appreciate having the opportunity to appear here. Mr. Boteler, I am sure will have some remarks he would like to make.

Senator HOLLAND. All right, thank you, sir. Mr. Boteler, we will be glad to hear from you, unless Senator Jordan or Senator Cooper wish to question you first before we go to Mr. Boteler. Suppose we let Mr. Boteler testify and then if you have any questions for either of them why you may go back and question.

All right, Mr. Boteler.

STATEMENT OF E. L. BOTELER, CHAIRMAN, RESOLUTIONS COMMITTEE, MISSISSIPPI FARM BUREAU FEDERATION, GRENADA, MISS.

Mr. BOTELER. Thank you, Senator. As has been said I am E. L. Boteler of Mississippi, chairman of the Resolutions Committee of the Mississippi Farm Bureau and a cotton producer.

I am not a member of the Cotton Producers Institute. The county in which I live is in the area of the delta. It is a county of about 20,000 people. Our production is about 14,000 bales. The Cotton Producers Institute program has not been offered in my area as yet, but we do have interest in it and would plan to participate in the program. I appear before this committee in opposition of H.R. 12322 and in agreement with the position expressed by others today to this committee.

First, allow me to express my favorable interest in the cotton industry conducting independent cotton research and development on its own with its own financing. This has been done. The Cotton Producers Institute has done an outstanding job during the few short years since it was started. My objection to H.R. 12322 is not one of objection to the intended work but to the financing method and Government control envisioned. We all agree to the need for research and promotion to improve the competitive position of, and to expand the markets for, cotton.

However, ends cannot justify means. Such a producer supported program should be based on voluntary support. The assessments proposed to be collected from the producer by the handler under mandate of law and subject to penalty of law cannot be called voluntary. Even though provision is made that a producer may go through certain procedure and recover the assessment this does not erase the fact that the assessment was taken from him.

And may I point out that this assessment on the producer is proposed at a time when the producer's income is greatly curtailed. The price he is to receive for his cotton is highly regulated to a lower price, something like 20 cents a pound this year plus the 9-cent Government payment, but 20 cents on all he produces above that acreage, above that amount.

In effect, the proposed legislation here would amount to a 20-point reduction in the price of cotton to the producer. This as a mandate rather than as a voluntary action on his part.

Then too, I think that embarking on this type producer program can only have the effect of stalemating producer interest—will force him to an awareness of the need to lobby with the Secretary for the use of his own money.

These remarks are intended only as an extension of the remarks which have already been addressed to this committee today in seeking an unfavorable vote on H.R. 12322.

Thank you, sir.

Senator HOLLAND. Thank you.

All right, gentlemen.

Senator Jordan, do you have a question for either of these two gentlemen?

Senator JORDAN. Mr. Chairman, I just want to make one comment. Mr. Huddleston is partly right about that three-legged stool. There is no question about that. A lot of the damage to cotton has been done over a period of years behind us as I think he knows. We priced ourselves out of the world market by what we hoped was the proper thing to do, to hold the price of cotton up to the American farmer. He couldn't raise cotton as cheap as Mexico, Brazil, or many other countries, and that put them in business.

As he pointed out, we have stayed about where we were and the world production has kept on going up. We kept holding this umbrella here and we just kept on growing more cotton.

The bill last year is going to go a long way I hope in meeting that problem in making us competitive on a world basis, and stopping the increased production of cotton in other parts of the world.

What we have got to worry about right now is what we are going to do and how we are raising our own and taking care of the farmers who keep on losing more acres and more acres and more pounds and more pounds due to the increase of other fibers and world competition to boot.

So it is not an easy problem to solve by any means on any basis.

Senator COOPER. May I ask a question?

Senator HOLLAND. Senator Cooper.

Senator COOPER. I am sorry to have missed part of the hearing this morning, but I have been to my State and just got back. I would like to ask how you would differentiate between this proposed program and other marketing order programs where funds are used for market promotion? In asking that I don't mean to say that because it is done in other programs it would necessarily be proper in this program. But in what respects would it be different?

Mr. HUDDLESTON. Senator, Mr. Shuman has covered that subject rather thoroughly this morning.

Senator COOPER. Yes.

Mr. HUDDLESTON. And if he has no objections I would rather that he answer it.

Senator COOPER. If it has already been discussed I will be glad to read it in the record.

Mr. SHUMAN. We pointed out that the marketing agreement and order legislation did provide for some collection of some funds for certain fruits and vegetables, but other than that it stays completely in the area of improving marketing conditions and orderly marketing, whereas this is a complete departure over into the area of financing research and promotion. And so it is a new departure. Here is a copy of the statement.

Senator COOPER. I will read it. But in principle, is there a difference between such programs for fruits and vegetables and wool, and in the proposed cotton program?

Mr. SHUMAN. We also pointed out that the wool program was a deduction from the payment, and not a tax on the farmer, so that there is a substantial difference, and also that this is completely farmer tax, a tax on farmers entirely and not on the other segments of the industry.

Senator COOPER. The other segments of the industry could possibly benefit from it.

Mr. SHUMAN. We think that it would be taking a good deal of the load off of the other segments of the industry.

Senator COOPER. Including the textile mills.

Mr. SHUMAN. That we think ought to pay somewhat more substantially the costs.

Senator HOLLAND. Thank you very much, gentlemen. We appreciate your appearance. I notice two other names here on the list that has been furnished me.

Mr. SHUMAN. Yes.

Senator HOLLAND. First is the Kentucky Farm Bureau. I am glad you are here, Senator Cooper. Is he here?

Mr. SHUMAN. Mr. Louis F. Ison, president of the Kentucky Farm Bureau, is here.

Senator COOPER. May I say a word?

Senator HOLLAND. Yes, Senator Cooper.

Senator COOPER. I am glad Mr. Ison is here. He is president of the Kentucky Farm Bureau Federation. Mr. Ison is a farmer from Mercer County, Ky., in our great central farming section known as the bluegrass section. I am sure he knows more about cotton than I do. Although Kentucky is not a large cotton producing State, there are about 500 growers in southwestern Kentucky who produce a very fine grade of cotton.

(Discussion off the record.)

STATEMENT OF LOUIS F. ISON, PRESIDENT, KENTUCKY FARM BUREAU, LOUISVILLE, KY.

Mr. ISON. Senator Holland, members of the committee, I think the fact has already been established by Senator Cooper that Kentucky is a small cotton producing State with the concentration of acreage being in three or four counties in the extreme western and southwestern portions of our State. However, I think this issue is of extreme importance though, gentlemen, to those who do produce this cotton in that particular area. Our first vice president, Mr. Lucian Isbell, is a cotton producer, in Fulton County, and has firsthand information and practical approach to the cotton problem. As was stated, I am a livestock and tobacco farmer, so in a lighter vein, knowing less about cotton perhaps than most other gentlemen or all other gentlemen who have given their testimony, perhaps I should pose as an expert. But really our position as it relates to this particular bill is primarily based on a specific principal rather than just the implication as it involves cotton.

I represent as has been stated the Kentucky Farm Bureau, with a membership of 79,919 farm families in 115 counties. I am well versed in the manner in which the farm bureau derives its roles both at the county-State and National level. As a matter of policy, we are opposed to H.R. 12322, the checkoff since, first, our cotton producers oppose it——

Senator HOLLAND. May I break in right there.

Mr. ISON. Yes, sir.

Senator HOLLAND. You said that your cotton was produced in three counties.

Mr. Ison. Three or four, sir.

Senator Holland. Have you got farm bureaus in those counties?

Mr. Ison. Yes, sir.

Senator Holland. Have they had county meetings and consideration of this question?

Mr. Ison. Simply as it related to arriving at policy, sir, last November at our convention.

Senator Holland. And what was their judgment, if it was expressed in those particular counties.

Mr. Ison. It was expressed through the resolutions in our resolutions committee, and then as a policy of our State organization, which I will quote:

> We oppose any mandatory checkoff of funds for promotional purposes on any farm commodity.

Second, I think by this approach it would be an open door approach or would open the door for legislative action or by passing similar laws for other commodities to follow suit if this bill were enacted. I think we have learned something by past history. In Kentucky a number of years ago the livestock producers in our State certainly demonstrated opposition to this type of legislation which was proposed. Lastly, we support voluntary promotional programs such as that of the American Dairymen's Association and the National Livestock & Meat, both. I maintain that a good voluntary checkoff does not need legislation.

I would like to comment further here in this matter of compulsory and voluntary checkoffs. In the lingo of the farmer, I think any checkoff which provides a system of having to write in for a refund on that particular checkoff, any detailed procedure such as that in the mind of a farmer that is considered a compulsory checkoff, and he certainly does not look with favor on that type of procedure.

Thank you, gentlemen.

Senator Holland. Senator Cooper.

Senator Cooper. How long have you been farming Mr. Ison?

Mr. Ison. Thirty years.

Senator Cooper. That must be about all of your years then. How many acres do you farm?

Mr. Ison. 496.

Senator Cooper. How many tenants do you have.

Mr. Ison. Two, sir.

Senator Cooper. Would your tenants have this same view—not about cotton because you don't grow cotton but about checkoffs of this kind generally?

Mr. Ison. I would think so; yes.

Senator Cooper. You say that if in order to recover his funds, a farmer would have to request repayment through some procedure provided by the Secretary of Agriculture, he would consider that deduction compulsory?

Mr. Ison. Yes, sir.

Senator Cooper. A form of compulsion.

Mr. Ison. Yes, sir.

Senator Cooper. Would you say that some farmers would have some fear that to make such a request might prejudice them before the Department of Agriculture? You live in the country and I have too, and

whether it is true or not, would some farmers feel that might prejudice their position?

Mr. Ison. Yes, sir.

Senator Cooper. With respect to the cotton or some other farm program.

Mr. Ison. Yes, sir.

Senator Cooper. I am not suggesting that would necessarily be a correct feeling on their part.

Mr. Ison. It would be an assumption but it is possibly true.

Senator Cooper. The position of the Kentucky Farm Bureau Federation is that as a matter of principle you oppose this proposal——

Mr. Ison. Yes.

Senator Cooper (continuing). Which you consider a compulsory checkoff. Do you think you could get the views of the cottongrowers in these four counties of Kentucky that produce cotton? There are about 500 growers or farms producing cotton, aren't there?

Mr. Ison. My answer to that would simply be—as I have been in touch with our first vice president who lives right in that particular area and is as I stated a cotton producer—Mr. Isbell says that they are in accord with the American Farm Bureau's position in this matter.

Senator Cooper. Whether they are wholly in accord with the American or not, the Kentucky Farm Bureau Federation opposes this bill as a matter of principle.

Mr. Ison. Yes, sir.

Senator Holland. Thank you very much.

Mr. Ison. Thank you, Mr. Chairman and members of the committee, for your attention.

Mr. Shuman. We have one other.

Senator Cooper. I might add that Mr. Ison is accompanied by Mr. John Koon and Mr. E. W. Kessler, of the Kentucky Farm Bureau Federation staff.

Mr. Ison. Yes. Mr. John Koon is executive secretary; Mr. Kessler is legislative director.

Senator Cooper. Senator Holland, they have been active and very instructive in carrying out the policies of the Kentucky Farm Bureau Federation.

Senator Holland. Are they here? Are they supporting the position of Mr. Ison? If they are please show their names of record if Mr. Ison wants that done and Senator Cooper.

Mr. Shuman. The last witness we have is Mr. Floyd Hawkins, president of the Arizona Farm Bureau Federation.

Senator Holland. Mr. Hawkins, we will be glad to hear you and then I think we will all go for lunch.

STATEMENT OF FLOYD HAWKINS, PRESIDENT, ARIZONA FARM BUREAU FEDERATION, PHOENIX, ARIZ.

Mr. Hawkins. Mr. Chairman and members of the committee, my name is Floyd Hawkins, I am president of the Arizona Farm Bureau Federation, and a cotton producer.

I wish to express Arizona Farm Bureau Federation's opposition to H.R. 12322. We believe that this legislation is not in the best interests

of cotton producers. Since the administration of the Department of Agriculture is clearly on record as looking out for the general public in the control of food and fiber prices, we feel this would be a conflict of interest.

This would also place in the hands of the Secretary of Agriculture millions of dollars without any responsibility to account for the funds to the cotton producer contributors. Growers should not be misled by the provision for a cotton board or have any illusion that they will have any real representation in the decisions for spending the funds or administering the programs. The Cotton Board will not be elected by growers, but be appointed by the Secretary from nominations of producer organizations. And the Secretary has complete discretion to decide what constitutes a producer organization, or if that organization represents the interests of its members, or he could choose to ignore cottongrowers associations entirely and take nominations from producers in any manner he wishes.

The act contains no guarantee for the continuation of the Cotton Producers Institute, even though it does require that programs be contracted to organizations whose government body consists of producers selected by producer organizations which he certifies may or may not be those now comprising the Cotton Producers Institute.

Senator HOLLAND. Would you permit a question there. Are you a member of the CPI?

Mr. HAWKINS. Yes, sir.

Senator HOLLAND. Have you been a constant contributor to it?

Mr. HAWKINS. I have contributed, I believe, 4 out of 5 years.

Senator HOLLAND. How many acres of cotton do you produce.

Mr. HAWKINS. I have an allotment of 52.7 acres.

Senator HOLLAND. About how many bales do you produce?

Mr. HAWKINS. It varies from 2 to 2½ bales per acre depending on the yield of the crop.

Senator HOLLAND. Thank you, sir.

Mr. HAWKINS. We are particularly distressed by the provisions for grower referendums which could be passed by a minority of growers who produce the majority of the cotton. This would be similar to allocating votes in Congress by the size of district taxpayments.

The Arizona Farm Bureau Federation is also distressed by the attitude of the promoters of the program who are trying to sell farmers on the idea that the program is "voluntary" on the basis of being able to get a refund. A voluntary program is one where the producer freely, on his own initiative, contributes to a program. This bill would create a law compelling him to contribute, or a tax on the right to sell. Then he must ask for a refund if he does not wish to contribute.

Our greatest objection against the concept of check-off programs administered by the Federal Government is the very real threat that all farm and ranch products would be forced into similar programs whether by political or economic competition or necessity.

Recent USDA statistics show that American farms are spending $100 million per year for advertising alone. It is sheer folly for American farmers to believe that politically motivated institutions can handle the money better than farmers themselves. When we cotton farmers allowed others to run our business, we discovered that our best

interests were not served. Cooperation and contribution for mutual improvement and security is one thing, but giving it all away for the sake of cooperation and for the result of nothing but loss is something else, and not the proven way to success.

Mr. Chairman, and members of the committee, on behalf of Arizona Farm Bureau Federation, I appreciate the opportunity to appear before you, and thank you for your attention.

Senator HOLLAND. How many farm families are in the Arizona State Farm Bureau Federation?

Mr. HAWKINS. 4,000 plus. I can't tell you exactly, but it is slightly over 4,000.

Senator HOLLAND. How is your cotton producing population represented in your farm bureau?

Mr. HAWKINS. Percentagewise I would say that we had 75 percent of the cotton growers in the farm bureau.

Senator HOLLAND. Thank you.

Senator Cooper.

Senator COOPER. I know it is all in the record, but I missed the first part of the hearings. How does Arizona stand among the States in total volume of cotton produced?

Mr. HAWKINS. I don't have those figures.

Senator COOPER. It is in the record, I am sure.

Senator HOLLAND. It is in the record, and it is one of the 14 major producing States.

Senator COOPER. Arizona is a major producer.

Senator HOLLAND. Thank you, sir. Now that will conclude the hearing for this morning.

We will recess until 2 o'clock, and let me see, if I may, whether the witnesses listed on my prepared list are here and will be back this afternoon.

Mr. Carter of New Mexico.

Mr. CARTER. Yes, sir.

Senator HOLLAND. Mr. Coker of South Carolina.

Mr. COKER. Yes, sir.

Senator HOLLAND. Mr. Parker of Tennessee.

Mr. PARKER. Yes, sir.

Senator HOLLAND. Mr. Forkner of Texas.

Mr. FORKNER. Yes, sir.

Senator HOLLAND. Mr. Frick of California.

Mr. FRICK. Yes, sir.

Senator HOLLAND. Mr. Decherd of Texas.

Mr. DECHERD. Yes, sir.

Senator HOLLAND. And Mr. Stuart of Tennessee.

Mr. STUART. Yes, sir.

Senator HOLLAND. I understand there is a Mr. Reynolds from California who is here and should be added to this list. Are you here, Mr. Reynolds?

Mr. REYNOLDS. Yes, sir.

Senator HOLLAND. You will be back this afternoon. Are there others who want to testify? We will try to hear everyone but we want to get an idea of the size of our task. I hope we can wind it up this afternoon.

62-444—66——12

Are there others? If not we will call upon these eight gentlemen when we get back at 2 o'clock.

(Whereupon, at 12:45 p.m., the subcommittee was adjourned, to reconvene at 2 p.m., of the same day.)

AFTERNOON SESSION

Senator HOLLAND. The subcommittee will please come to order. Mr. Albert Carter.

How are you, Mr. Carter?

Have a seat and testify as you wish.

STATEMENT OF ALBERT E. CARTER, PRESIDENT, NEW MEXICO'S PECOS VALLEY COTTON FARMERS ASSOCIATION, CARLSBAD, N. MEX.

Mr. CARTER. Mr. Chairman, members of the committee, my name is Albert Carter. I am a cotton farmer from Carlsbad, N. Mex., and currently am serving as president of New Mexico's Pecos Valley Cotton Farmers Association.

My purpose here today is to present the views of our association of cotton farmers by testifying in support of the cotton research and promotion bill now under consideration. Our association strongly endorses this proposal. We urge its speedy passage.

We support this measure because we know that cotton desperately needs greatly expanded research and promotion funds. Every day we see clear evidence of how our competitors, the producers of man-made fibers, are spending vast sums for research and promotion to take cotton markets. At the same time, we also are reminded every day that we must have expanding markets to eliminate the surplus and get back to a level of production that will allow us to grow cotton efficiently.

We support H.R. 12322 because it will allow growers themselves to decide on whether they want a uniform method of collecting the funds we must have. We must have a uniform method of collection. It is the only way that a half million cotton farmers in 19 States can pool their resources to save their markets.

I have served on the cotton producers institute steering committee for New Mexico every year since the program was initiated in 1961. Through the years, other members of the committee and I have put in a lot of hard work and many long hours toward making the CPI finance program work.

We made a lot of headway for a while because cotton farmers realized the need for more research and promotion. I believe cotton growers feel this need even more today. I know I do, as I had the opportunity just a few months ago to visit a large synthetic plant in South Carolina which annually produces in synthetic material the equivalent of 500,000 bales of cotton. At Charlotte, N.C., this company maintains a research staff of nearly 200 scientists holding masters and doctors degrees and countless chemists and technicians working in an unbelievable number of laboratories search for new ways to take some more markets away from natural fibers such as cotton.

So, it is more evident to me we need to try to match this effort even though it be in a small way as provided in this bill.

In most areas, the ginning business is highly competitive and profits are tied closely to volume. While competition is a healthy factor in an industry, it has created problems in collecting funds, even though most farmers are perfectly willing to participate in the CPI research and promotion program. I am sure that you can understand what happens when one gin collects and the competitor right down the road fails to make an equally strong effort to do so.

However, right here, I want to emphasize that the New Mexico Cotton Ginners Association has endorsed the measure now under consideration as a means of giving cotton farmers the opportunity to vote on establishing a uniform method of collecting research and promotion funds.

This endorsement shows that our ginners recognize the urgent need for such funds as well as the necessity to eliminate the unfair competitive factor arising out of the collection of those funds.

Now, the opponents of H.R. 12322 have tried to create the impression that this legislation represents a new and radical departure for agriculture—one that opens the door to all sorts of insidious coercion and domination from the Government. This is sheer nonsense, as evidenced by the long experience farmers have had with marketing orders covering many different commodities.

Along with quite a few other New Mexico farmers, I produce both cotton and wool. I have voted for, and otherwise supported the wool and lamb protection program ever since Congress paved the way for it in 1954.

This program has been subject to referendum approval by two-thirds of the voters or two-thirds of their volume—just as the cotton program would be. And I think I should point out that the referendums approving the wool and lamb program have been binding on all sheep producers. There is no provision for an individual producer refund as there would be under the cotton program.

Sheep producers have run their own program. No Secretary of Agriculture has tried to intimidate them in any way.

The main trouble with the sheep producers' program is that it simply hasn't been big enough. Even now, we are proposing to expand it, and I am confident this proposal will be overwhelmingly approved.

My point here is that cotton farmers aren't asking for anything new or different. All we want is a chance to use a long-established mechanism which lets us decide what we want to do. Cotton farmers are normal, intelligent businessmen who are perfectly capable of thinking and acting for themselves. They will make the correct decision, if they are given the opportunity.

I would like to comment further, if I may.

Senator HOLLAND. Yes, indeed.

Mr. CARTER. The farm bureau in our area is one of the leading farm organizations in the State, well thought of and I think doing a good job. However, if there were able to represent the cotton farms in our area, then there would be no need whatsoever for the organization which I represent. There are many conflicting interests within the

farm bureau because of the various areas that they service. My organization is devoted to cotton alone, and I think it eliminates a lot of the conflict among other crops, other products in agriculture.

Now the farm bureau has a large membership in New Mexico. In my personal estimation there are three reasons for being a member of the farm bureau in our area—or there were three reasons. One of them is the farm bureau principles. I don't think anyone particularly enjoys having a lot of Government controls.

None of us like them. We would like to be without them. But we can't exist without them. Our markets, I think, without our present farm programs, would have been gone long ago.

One of the main reasons for being a member of the farm bureau in our area is the insurance advantage. If you are a member of the farm bureau you can buy farm bureau insurance at substantially less money than you can buy from a regular insurance company.

Also during the time of the bracero program the farm bureau was the contracting agency in our area, and if you used braceros you had to be a member of the farm bureau. I don't believe the farm bureau's figures accurately indicate the cotton farmers sentiments as a whole in this legislation.

Senator HOLLAND. How many cotton farmers are in your Pecos Valley cotton farmers association?

Mr. CARTER. That would be difficult to say. Our association is set up in a rather unique way. Each gin has a director in our association which might make you think it is a ginners' organization, but we are not. We are all farmers, and that was merely the method of setting up the representation on our board to get equal spread throughout the valley. Fortunately most of our gins are ginning approximately the same amount of cotton.

There is not a great deal of difference. And our finances come to a nickle a bale for each bale ginned. That is the way we finance our organization, and if at any time a gin group disagrees with our approach or position on the legislation, they are perfectly free to withdraw their support, both financially and otherwise, which they do at times, I will say.

At the present time the gin group of the State president of the New Mexico bureau is not a member of our organization. We represent, I would say, 70 percent of the cotton farmers.

Senator HOLLAND. Can you approximate the number of members which you have to the best of your ability?

Mr. CARTER. I would guess that we represent 450 farmers.

Senator HOLLAND. And you think that is about 70 percent.

Mr. CARTER. At least 70 percent.

Senator HOLLAND. Of the cotton farmers in the Pecos Valley?

Mr. CARTER. I would say so, yes.

Senator HOLLAND. The Pecos Valley is the principal cotton-producing area of New Mexico.

Mr. CARTER. We are producing 80 to 100,000 bales a year out of the 280 odd thousand bales produced in the State of New Mexico.

Senator HOLLAND. All right; thank you sir.

Senator Jordan?

Senator JORDAN. Mr. Carter, I was interested in your whole statement, but particularly where you referred to wool, because there has been reference made to wool this morning. Were you here this morning?

Mr. CARTER. Yes, sir.

Senator JORDAN. Would you have been in the sheep and lamb business if you hadn't had some subsidy?

Mr. CARTER. I seriously doubt it, sir.

Senator JORDAN. You couldn't have survived in it, could you?

Mr. CARTER. I don't believe so, sir. My operation primarily is lambs and a large portion of the funds collected by the American Meat Institute are expended for lamb promotion. Wool, we have a small flock of 600 or 700 head of sheep that we keep on the farm all the time, but primarily we are in the lamb fattening business.

We purchase lambs in the fall and market them.

Senator JORDAN. You are not primarily a wool producer?

Mr. CARTER. No.

Senator JORDAN. That is sort of a side line.

Mr. CARTER. Primarily lambs.

Senator JORDAN. But wool subsidy does help.

Mr. CARTER. Substantially, sir.

Senator JORDAN. It helps substantially to make it possible to keep on raising sheep.

Mr. CARTER. And I disagree with the opinion expressed here this morning that the wool subsidy that is collected before the producer ever gets it, therefore he is not paying. I don't think it makes any difference whether you take $1 out of a man's income on Monday or Friday, it is still $1 out of his income.

Senator JORDAN. You are quite right. That is all, Mr. Chairman.

Thank you.

Senator HOLLAND. What is the contribution, the wool contribution, I mean the wool growers' contribution?

Mr. CARTER. A cent a pound.

Senator HOLLAND. To the American Meat Institute that you speak of, how much per lamb?

Mr. CARTER. Lamb, I believe it is a half cent a pound on the marketed animals.

Senator HOLLAND. That is the wool subsidy, but the lamb?

Mr. CARTER. The wool subsidy is a cent a pound.

Senator HOLLAND. A cent a pound. And the lamb subsidy.

Mr. CARTER. We contribute about three-eighths of a cent a pound for wool to the New Mexico Wool Growers Association.

Senator HOLLAND. What is the lamb?

Mr. CARTER. The lamb subsidy, if you market unshorn lambs, I believe it is 2 cents. No. It is based on weight. I really don't know because I don't market any unshorn lambs. We shear these lambs.

Senator HOLLAND. What do you pay on the shorn lambs for the subsidy, I mean for the American Meat Institute program?

Mr. CARTER. That is voluntary and that is collected by the producer. We market to Swift & Company, and they are the ones that are obligated to pay the meat institute.

Senator HOLLAND. And how much is it per lamb?

Mr. CARTER. I don't know.
Senator HOLLAND. All right, thank you.
Mr. Robert Coker.

STATEMENT OF ROBERT R. COKER, HARTSVILLE, S.C.

Mr. COKER. Mr. Chairman, Senator Jordan, I am Robert Coker, of Hartsville, S.C. I am a cotton producer, president of Coker Pedigreed Seed Co., and a past president of the National Cotton Council of America. I am here to support H.R. 12322.

Also I served as first president of the South Carolina Farm Bureau and helped initiate that organization in 1944. Since that time I have served as a member of the board of directors of the farm bureau and have had the honor of being elected the only life member of the board. In addition to being a cotton producer and a cottonseed breeder, I have interests in most other phases of cotton handling and processing. Since South Carolina is also a leading textile State as well as a cotton-producing area, I have worked closely with mills in breeding cotton to meet specific textile industry requirements. I have seen what marvels research can bring and cotton's desperate need for still more research.

It also has been my privilege to serve on the South Carolina Steering Committee for the Cotton Producers Institute. Our commitee, which includes 45 leading producers, participated in the origin and development of this proposal. From actual experience, I know that the vast majority of producers are willing and able to invest $1 a bale in research and promotion and also that this support can be thwarted and destroyed by the competitive factors involving, not the producers, but the handlers and processors of cotton.

We in South Carolina have an intense and fervent belief in the free enterprise system, in individual initiative and in voluntary self-help.

Throughout all our meetings to develop this proposal, we worked to maintain certain key principles; this must be a producer program, using producer money, under producer management, with full protection to any individual producer who did not want to take part.

This act, which we developed and brought before the Department of Agriculture and then before the House of Representatives, provides all of these basic principles. The Secretary and the House have helped protect and strengthen them.

This program will not add any burden to the public treasury. It will, in fact, open the way for savings to the public by using free enterprise methods of product improvement and promotion to reduce CCC stocks by sales of consumer goods in the marketplace. This program will be financed by producers. It will be administered by producers. It will be voluntary. No producer will pay one penny except of his own free will.

I know hundreds of cottongrowers in my home State of South Carolina, and in other parts of the Cotton Belt. These farmers understand the need and the urgency of more research and promotion. The only assistance we ask of Government today is help in establishing a uniform collecting system which we cannot achieve by ourselves.

I urge this committee, and the Senate, to give farmers the chance to vote our own convictions—yes or no—in referendum.

Thank you.

Senator HOLLAND. Thank you, Mr. Coker.

Senator Jordan.

Senator JORDAN. Mr. Coker, you stated, and this has been the subject of some controversy, at least a difference of opinion, that this program would be operated by the producers.

It has been stated, I think, very specifically here that this would be operated entirely by the Secretary of Agriculture, and that the producers wouldn't have anything to do with the program whatsoever. You don't say that in your testimony.

Mr. COKER. No, sir; I do not. I should like to refer specifically to a couple of provisions of the act as passed by the House that in our opinion confirms what I did say. It would be mandatory for the cotton board to contract with the beltwide cotton producer's organization for developing and carrying out the research and promotion program.

Another section provides that initiation, development, and execution of all research and promotion plans and programs would rest solely in the hands of the governing body of the beltwide producer organization.

The board would be comparable to the one which now operates as the trustees of the Cotton Producers Institute, and would function in a like manner. The cotton board and the Secretary of Agriculture exercise only what amounts to a veto power over those specific recommendations. Does that answer the point?

Senator JORDAN. That answers it as far as I am concerned.

Mr. COKER. Mr. Chairman, I have two more brief points if I might add them.

Senator HOLLAND. Go right ahead, sir.

Mr. COKER. The thing that has disturbed some of us so deeply is the fact that the opposition to this proposal has in our opinion completely failed to recognize some vital points. No. 1 is the very great magnitude of the problem that cotton faces, and secondly, the extreme seriousness and urgency of it. As Mr. Blake pointed out yesterday so ably, these new noncellulosic synthetic fibers now have the equivalent of 7 million bales of markets which formerly were held by cotton.

Two million bales of that seven million bales have been lost to these noncellulosics within the past 2 years. To the best of my knowledge, cotton and wool are the only two agricultural commodities which have direct competition with industry.

Five hundred thousand cottongrowers have as their principal competitors 12 gigantic corporations whom it has been pointed out by a simple action of a motion of a board of directors can appropriate huge sums of money for research and promotion.

Every method has been tried by the cotton industry through the Cotton Producers Institute for 6 long years to make a voluntary program work on a voluntary basis. That program has begun to erode, and we know for a fact that within a short time it will dwindle away and we will not have any program; for the reasons that have been brought out. We ask this committee to let the cottongrowers decide

by a vote in a referendum whether they want this type program. If they don't, there is nothing more that we can say about it. But we do believe that the growers of cotton should be given an opportunity to decide for themselves whether they want this program, and the cotton-growers in my part of the belt that are informed, informed cotton-growers are completely and wholeheartily in favor of this proposal.

Thank you, sir.

Senator HOLLAND. All right, sir, thank you.

I understand that Senator Murphy, who is here, can be here only a short while, and that there is a gentleman from California who is coming up in a short time.

I understand also that the two witnesses who would be scheduled ahead of the gentleman from California, Mr. Frick, are willing to yield to him so that his Senator can present him.

All right, Mr. Frick, come forward, please.

Senator Murphy, we are glad to hear from you.

STATEMENT OF HON. GEORGE MURPHY, A U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator MURPHY. Mr. Chairman, you know how much I appreciate the courtesy and opportunity of being here. I believe that I am justified in feeling proud of the achievement of the cotton growers in California for developing industry which has contributed not only greatly to the economy of the State and the Nation, but also to modernized methods in that business and advances in the quality of the product.

I am also concerned, as I am sure all of the representatives of the cotton-producing States are, lest the full potential of the industry be stunted by competition which I am sure has been talked about at great length from synthetic fiber producers who have had the resources to do an excellent job of promoting their products.

Because of this concern, I am very much impressed with the purposes of the bill which you are considering today, and I particularly applaud its approach, which would provide the machinery to obtain the private growers' dollars for research and development of cotton products and markets. To my mind, it is an excellent example of the proper partnership of Government with the private economy, and I hope that this committee in its wisdom will give the bill favorable consideration.

I am impressed to note in the room today is my good friend Russell Giffin who is a pioneer in the cotton production in California and whose industry and vision and hard work over the years laid the groundwork I believe for most of the proposals you are considering today.

You will now have the opportunity to hear from a distingiushed representative of the California cotton industry, and it is my pleasure to introduce to the committee Mr. Kenneth Frick, who is president of the California Plant Seed Distributors Association and president of the California Cotton Planting Seed Association.

I thank you very much for the courtesy, Mr. Chairman, and I am quite certain that you will hear the testimony of Mr. Frick and enjoy it and find it most constructive and helpful.

Senator HOLLAND. Thank you, Senator. We are glad to have you here and we are glad to have your friend, Mr. Frick.

Proceed, will you, sir.

STATEMENT OF KENNETH FRICK, VICE CHAIRMAN, CALIFORNIA STEERING COMMITTEE, COTTON PRODUCERS INSTITUTE, ARVIN, CALIF., ALSO REPRESENTING CALCOT, LTD.

Mr. FRICK. My name is Kenneth Frick from Arvin, Calif. I am a cotton grower in Kern County and am serving as vice chairman of the California Steering Committee for the Cotton Producers Institute. My cotton industry experience also includes service on the USDA's Cotton Research Advisory Committee, as director of a large cooperative cotton gin, as president of the California Cotton Planting Seed Association, an organization that supplies all of the cotton planting seed used in the San Joaquin Valley.

I am also an active member of Calcot, Ltd., a cotton marketing association of cotton producers with over 4,000 members in California and Arizona. This organization, which merchandised over 800,000 bales of cotton for its members last year, has endorsed the Cotton Research and Promotion Act and so informed this committee. My testimony today is given in their behalf as well as for the California CPI Steering Committee, which committee was authorized to initiate and conduct the CPI program in California by the California Farm Bureau Federation, the California State Grange, and Calcot in 1961.

I am here to urge prompt and speedy passage of H.R. 12322, which will permit cotton growers to have the much larger program of research and promotion that is necessary to compete with manmade fibers.

Western growers believe in this type of self-help program, as evidenced by their approval of Marketing Orders on many of our fruit and vegetable crops. So far as I know, the growers of the various commodities involved in these other efforts are well satisfied with both the results and the control they have over the operation of the program. We are confident that the marketing order referendum approach will work out well for cotton. We know it is the only realistic approach open to us.

Cotton needs extensive development research and advertising more than any other commodity, and cotton growers themselves are overwhelmingly in favor of using the principles embodied in H.R. 12322 to achieve it.

The Cotton Producers Institute was initiated in California and our support for this program has far exceeded that of any other cotton State on a percentage basis. Since the first year, our gin has collected the dollar per bale on better than 98 percent of our total volume. Most of the gins in our area have had a similar experience. A few, however, have not pushed the program and as a result have had low participation.

This has now created a competitive factor between processors that is rapidly spreading and has made it impossible for our gin to continue to collect the assessment from virtually all over members. A similar situation has developed in all our cotton growing areas, resulting in rapid erosion of the program.

I want to emphasize, however, that our growers realize the need for cotton research and promotion more than ever before and are more than willing to carry their share of the load.

On the other hand, California and Arizona growers have paid in about half of the total CPI funds since 1961 and I can say, without any reservation whatsoever, we are not going to continue without some assurances the other cotton States will also strongly participate. The only way to achieve this and the only way to raise enough money to do an adequate job is through a uniform collecting system that would be made possible under H.R. 12322.

Cotton research and promotion is the growers' responsibility and our chief means with which to compete. If we had provided a truly adequate program some years back, we would not be in the predicament we find ourselves in today. It is high time we get on with the job we know we must do. Even 1 more year's delay could put us so far behind we will never catch up.

I would just like to add that for myself as a grower and the neighbors around me, all we ask is the opportunity to vote in a referendum, where the farmers themselves will decide whether they wish to collect the money that will give them an opportunity to compete with the very stiff competition provided by these 10 or 12 companies that are now driving us backwards, and this is the opportunity we ask for.

Senator HOLLAND. Thank you, sir.

You heard this morning these two gentlemen, one speaking as the president of the Farm Bureau of California, and one speaking as president of the Farm Bureau of Arizona speak what I know are their convictions with reference to the attitude of cotton farmers in those two States. You have the same reputable appearance and backround that they have.

This committee is left in somewhat of a quandary. How do you three gentlemen get to such different conclusions?

Mr. FRICK. Well, sir, I believe that the farmers themselves have not had an opportunity to say what they want to do. The bill as it is now before you, they have not been completely informed on it. They would be after action by this committee, to where they would then have an opportunity to settle any differences of opinion that now exist. I do not believe that opportunity has been afforded up to this time.

Senator HOLLAND. As I recall, those two gentlemen stated their belief in CPI and their cooperation in the CPI program, and you evidently have the same belief and are active in that program. It is a little difficult to see how you gentlemen can reach such completely different conclusions on this matter. If you can throw any light on it, why we would like to get it.

Mr. FRICK. Well, yes; it is difficult for me to understand this also, because I know, just as Mr. Allen Grant knows, that the farmers in our valley, the San Joaquin Valley——

Senator HOLLAND. Do you and Mr. Grant live in the same valley?

Mr. FRICK. We live in the same valley. I live in Kern County, which is next to Tulare County where he lives, and we are good friends, and there is a difference of opinion maybe here on a principle in some way.

Senator HOLLAND. I am not thinking about that, because of course we always have differences of opinion. But he seemed to think that the cotton growers were strongly against this program, and you seem to think that they are strongly for it.

Now, what is the explanation of that situation? You live in the same valley. You apparently are in the same organizations. CPI claims the interest and support of both of you in the way of substantial sums of money, as I understand it. Now you have come to different conclusions about what the growers want.

Mr. FRICK. Let me explain it in two ways if I may then?

Senator HOLLAND. In any way you wish.

Mr. FRICK. No. 1, the California Cotton Planting Seed Association supplies all of the seed used in the valley. The seed is bred by a breeder who is an employee of the U.S. Department of Agriculture. He bred us a quality of cotton that is outstanding, so from that standpoint I and the farmers around me have a lot of confidence in what the U.S. Department of Agriculture has done and in its long-term objective. We do not fear unreasonable action by the Secretary.

But the other job that the seed association does is to supply moneys collected from the growers for local research on production, and the thing I know up and down the valley is that all the growers want to participate in whatever research they can to further their own industry.

And then secondly, in every instance the growers I talked to, and I talked to a number up and down the valley, they wish to participate in CPI. The only hesitation that they ever have is that if my neighbor does not put in soon, I am not going to participate any longer.

The sad thing is we had one of the larger industry ginning companies that decided not to participate a couple of years ago, and this has caused the neighbors of those growers to say "Well, how can I continue to put in my promotion money, my research money, when they do not?"

Now, as far as my knowing how all the growers feel in the valley or Mr. Grant knowing, I do not believe the growers have been afforded this opportunity to express themselves to date. I know as far as the Farm Bureau deciding this issue, I as a member of the Farm Bureau, a good member, in my opinion, have not been afforded an opportunity to discuss this with the Farm Bureau.

Senator HOLLAND. Now, one more point.

I think I heard you say that the cotton farmers in California and in Arizona have contributed vastly out of proportion to the CPI effort.

Mr. FRICK. Yes, sir.

Senator HOLLAND. As compared with other elements in the industry. Is this bill one that you think will bring about more nearly industrywide cooperation? Is that it?

Mr. FRICK. Yes, sir. I think that it is rather well shown.

Some 5 or 6 years have gone by now with the Cotton Producers Institute, the Cotton Council, the Farm Bureau all afforded the opportunity to have broader participation than we see, and it has not been forthcoming. This does afford that opportunity.

Senator HOLLAND. Thank you, sir.

Senator Jordan?

Senator JORDAN. My only comment, Mr. Chairman, would be—and I know right much about Calcot and the San Joaquin Valley cottonseed—they have had the intelligence and are smart enough to have

law that requires you to plant that seed, and they keep the quality of that seed up, too.

One of the witnesses who testified here before lunch said they did not have any trouble selling their cotton. Well, that is true, because they produce a superior cotton.

On the other hand, there are other breeders of seed. Mr. Coker is in the room now.

Mr. FRICK. Yes, sir.

Senator JORDAN. He is breeding seed and farmers in North Carolina are breeding seed that reach that same plateau of quality. If all this cotton comes up and you get to where one is just as good as another or nearly as good as another, why, it is going to pull your market down with it because there is no use going to California to buy it if you can buy it in North Carolina where the mills are located.

You know that as well as I do. The freight rate is vastly different. The fact is that your growers, with a product that has been superior and still is, have been willing to pay to promote it. You know the value of it and you have proved it, and there is no guesswork with the growers of Arizona and California.

All the growers in Arizona do not plant the same kind of seed that you are talking about either, as you well know.

Mr. FRICK. No, sir.

Senator JORDAN. And they do not get as much money for their cotton either, do they?

Mr. FRICK. No, sir.

Senator JORDAN. And the preference is not there because the quality is not there.

I can understand why you all would be willing to put your money out for research and I can also understand why you cannot continue to carry this load for the whole cotton industry. It is not fair. They are under your umbrella, whatever promotion is done. That is about right, is it not?

Mr. FRICK. I think that is correct, yes.

Senator JORDAN. Thank you, Mr. Chairman.

Senator HOLLAND. Thank you, sir.

Mr. FRICK. Thank you, sir.

Senator HOLLAND. Mr. G. F. Parker of Tiptonville, Tenn.

STATEMENT OF G. F. PARKER, TIPTONVILLE, TENN.

Mr. PARKER. I ask your permission to read this, sir, and I would like to make a comment at the end.

Senator HOLLAND. Yes, sir.

Mr. PARKER. My name is Gil Parker, from Tiptonville, Tenn. I grow cotton in Lake County and I am a producer delegate to the National Cotton Council of America. I am also a past president of the American Cotton Producer Associates.

I guess up until the present time I am about the only plain ordinary garden variety of farmer you have had so far. All these other people seem to head up some organization.

My State of Tennessee vividly illustrates the problem that cotton producers face in establishing a research and promotion program big enough and reliable enough to give cotton a chance against synthetics.

We ginned 665,691 bales of cotton from the 1964–65 crop in Tennessee. Most of this cotton was grown in 11 contiguous counties in the western part of the State. If you stand in the middle of this production area, almost every corner is within an hour's travel by pickup truck. Yet within this compact area there are 265 cotton gins to handle the crop. These gins, and every other handler-processor, are highly competitive in Tennessee. Nearly every year the number of gins declines by three or four, as the least aggressive are eroded away. Because of this intense competition, we have never been able to get the handler support necessary to launch the Cotton Producers Institute in Tennessee. In this regard, we are one of only two States that have failed to initiate the program.

There are over 44,000 cotton farms in Tennessee. Most of the people who operate these farms fully understand the urgent need for more research and promotion. But, there is no practical way for so many farmers to join their efforts to achieve a meaningful program. If we could sit down around a conference table and allocate funds for research and promotion, as some of the big companies do, we would have no problem. But 44,000 farmers cannot operate like 14 synthetic companies.

We have to rely on handlers or processors to collect and transmit our funds. And with 265 gins competing for the cotton from 44,000 farms jammed into a production area as small as ours, there is no possibility of achieving it without a uniform collection plan. We know. We have tried it with other organizations and at considerably less than $1 per bale. And we have tried with the support of the producer organizations that operate in this area, but it has not worked.

The principles laid out in H.R. 12322 provide the only way. Unless we have a uniform collection plan, 665,000 bales of cotton grown in Tennessee are blocked even from the possibility of contributing to the research and promotion that cotton must have.

The problem, however, will not long continue to be expressed in these numbers. According to the last figures I saw, farmers in west Tennessee had signed up to take 113,409 acres out of production this year—over 21 percent of the potential. Several times 44,000 people make their living from supplying the machinery, equipment, fuel, and labor which the production and processing of cotton generates.

Incidentally, this is Tennessee's biggest cash crop. The value of it is in excess of $100 million.

These people face the real prospect of seeing their sales and their earnings cut by 21 percent this summer and fall. The effect on the economy of the small towns and cities of west Tennessee, and even the metropolitan center of Memphis, will be harsh. We face the prospect of still further acreage diversions and cuts until the burden of the surplus is removed. By that time, however, it will be too late for much of the cotton industry, and those who depend on it, in west Tennessee.

The only hope in our present situation is to aggressively sell our cotton and work down this 16.5 million bale surplus.

Mr. Chairman, I support H.R. 12322, and urge its prompt passage to give the farmers of Tennessee a chance to put their own money on the line to save their own industry.

I would like to make this comment, sir: I think all legislation of this type should have the safeguard of checks and balances in it, built in it, and this legislation has such safeguards.

For instance, if the volume vote obtains, any man is free to get his money back by asking for a refund. Without that volume proviso, however, the farmers who grow 13.3 million bales of a 14-million-bale crop would be denied their desire to help themselves.

Thank you, sir.

Senator HOLLAND. Thank you, Mr. Parker.

Senator Jordan?

Senator JORDAN. No questions.

Mr. PARKER. Thank you, sir.

Senator HOLLAND. Mr. Roy Forkner, of Lubbock, Tex.

STATEMENT OF ROY FORKNER, CHAIRMAN, STEERING COMMITTEE FOR THE PLAINS AREA, COTTON PRODUCERS INSTITUTE, LUBBOCK, TEX.

Mr. FORKNER. Mr. Chairman, Senator Jordan.

Senator HOLLAND. Proceed as you wish.

Mr. FORKNER. My name is Roy Forkner. I am a cottongrower, ginner, and warehouseman from Lubbock on the South Plains of Texas. I have been serving as chairman of the Cotton Producers Institute Steering Committee for the Plains area since 1961 and have served two terms as CPI trustee.

I am also board chairman of Plains Cotton Growers—an area organization with 20,000 members, almost all of whom are cottongrowers. I am appearing in my official capacity with the Cotton Producers Institute.

In 1961 the program of the Cotton Producers Institute was initiated in our area. In that first year, we conducted 198 educational meetings in our 23-county area. At these meetings we signed over 5,000 of our largest cottongrowers on individual agreements that requested their respective gins to deduct $1 per bale for the Cotton Producers Institute. These 5,000 agreements covered over 850,000 bales, and were signed in good faith.

However, we learned that when the gin yards get covered up at the peak of the harvest and our gins go on a 24-hour basis, the help in the gin offices either could not or would not take the time to go down a list and deduct the $1 a bale from those growers who had signed agreements. This resulted in collections of only $278,000 that first year.

The next year we used a different approach and partially corrected this problem. It was to get gins in a given competitive area to uniformly deduct the $1 a bale from all their customers, and then refund to those who did not wish to pay. Although all gins did not agree to do this, at one point over a million dollars was collected following this procedure.

But then a few of the gins started urging refunds on their customers as a means of price cutting. Once this was started in some communities, it spread like wildfire because our gins are highly competitive.

The end result was that refunding left us with only $425,000 of CPI income on the plains in the second year.

In our third year we attempted to follow this same approach, but learned from the previous year's experience that too many of our gins had lost confidence in what their competitors would do on this matter, and our collections dropped back below the first year's level.

In the fourth year, in order to save the whole CPI effort, the cooperatives in our area agreed to collect and remit the $1 a bale on all the cotton they handled. This pushed collections up to almost $800,000, but in order to do this the cooperatives found they had to collect at some point other than the gin because of the competitive situation mentioned previously. Their collections were actually made through the regional cooperative oil mill, marketing association, and compresses.

It is my understanding they agreed to do this for only 2 years, to provide time for working out some sort of uniform collection procedure. This means that the crop we have just finished ginning is the last one on which this type of collection will be in effect. Thus you can see the urgency of speedy action to put a new approach into effect on this year's crop.

I am a past president of the Texas Cotton Ginners Association, which is the largest of its kind in the Cotton Belt. This association, along with the Texas Independent Ginners Association and the Texas Cooperative Ginners Association, has passed a strong resolution supporting grower efforts to secure passage of this enabling act. Ginners have taken this position for two basic reasons.

First and foremost, ginners recognize that they cannot gin cotton unless farmers grow it; and farmers cannot grow it unless more is sold. This means new and better cotton products and a lot more advertising and promotion.

Secondly, without a uniform collection procedure, the very ginners who try the hardest to help the total industry program are placed at an unfair competitive disadvantage.

Cotton growers literally have their backs to the wall and, consequently, so does the rest of the raw cotton industry.

For this crop year, volume for everyone will be cut well below the point necessary for efficient operation. A lot of us can weather the storm for a short time, but not for very long. Yet we know that unless we find some way to make and sell more and better cotton products, we will never work out from under our tremendous cotton carryover without further cuts in production. Cotton growers and the rest of the industry are convinced our only hope lies with more research and promotion, and that H.R. 12322 provides the only practical means of adequately financing such an effort. All we are asking is for a mechanism that will let growers decide the issue.

With your permission I would like to make a few further comments.

Senator HOLLAND. Yes, sir; go right ahead.

Mr. FORKNER. First is the need for flexibility at the point of collection. I recall in the testimony yesterday Mr. Hervey Evans, of North Carolina, mentioned that in his area it would be most logical to make this point of collection with the first purchaser of the cotton.

Senator HOLLAND. The merchant?

Mr. FORKNER. Yes, sir.

In California I am told that the ginner is a desirable and suitable place for collection. They have no problems there.

But as I have just pointed out in this testimony, we have problems collecting at the gin on the plains of Texas. We have on the high plains area another special assessment program of 50 cents a bale, and the proponents of this program looked at the problems that we had had with the collection of CPI and decided it would be better to make this collection at another high concentration point, and it has been highly successful with only about 3 percent asking for refunds in that program.

So I simply mention that to say that even though we are asking for a uniform collection, flexibility would be necessary at the point where these collections would be made in the various areas.

Another point I would like to make, and I think you enlarged on it in a question you asked Mr. Frick, from California, just a few minutes ago. I noticed that my good friend, C. H. DeVaney, who is president of the Texas Farm Bureau, has an opinion which is different from mine.

He said, as do other leaders of the farm bureau, that they represent large numbers of cotton producers.

I would just like to point out that I recall Mr. DeVaney having mentioned four counties in the State of Texas, four county farm bureaus have seen fit to divert from the State farm bureau on policy and endorse our proposal.

I would like to point out to this committee and to Mr. DeVaney that there are to my knowledge four counties in my immediate vicinity, including Lubbock, my own home county, which produces some 270,000 bales, has taken the position of endorsing this legislation.

In the plains of Texas I have certain knowledge of three other counties, one county being the home county of one of these State directors of the Texas Farm Bureau and he himself has opposed this program.

Now, obviously because these four counties have called to Mr. DeVaney's attention, I have here a newsletter which has been issued from his office, dated April 18, directed to the presidents of the various county farm bureaus.

Among other things pointed out in this newsletter is the fact that he says that the county farm bureau has no right to take part in a State or National issue, and reminds them of the obligations which they have to the State or National organization.

Senator HOLLAND. Who did this?

Mr. FORKNER. This is a newsletter from the president of the Texas Farm Bureau.

Now, although I have certain knowledge of the four counties in the Lubbock area, I have been told by very good authority that there are about eight other counties in the south Texas area, or a total of about 1,049,000 bales being represented in these counties who have changed their position and are now supporting this legislation.

So I simply say this because there has been a conflict of opinions about the masses of producers in this, and I felt like this would be conclusive evidence for the record.

I would also like to include this news release in the record.

Senator HOLLAND. Without objection, it will be included.

(The newsletter referred to follows:)

FACTS FOR YOU!—POLICY DETERMINATION

Farm bureau policy is determined at three levels:
(1) County convention for county programs and State and National recommendations;
(2) State convention for State policies and National recommendations; and
(3) National convention for national programs.
Special conventions are authorized, but no other policy determination is authorized.

The boards of directors are authorized only to interpret policy approved by the conventions. The county board has no right to vote on a State or National issue, and this principle is clearly written into the cooperative agreement signed by county officers. The cooperative agreement reads in part as follows:

"Now, therefore, in consideration of the mutual obligations of the parties, it is agreed as follows:

"1. The county farm bureau recognizes the general jurisdiction of the Texas Farm Bureau in all matters involving State, and through it that of the American Farm Bureau Federation in all matters involving national public relations, policies, programs and legislation."

BILL WEDEMEYER,
Director, Texas Farm Bureau.

Mr. FORKNER. I would just like to conclude by saying I support the passage of the bill H.R. 12322, so that the cotton farmer himself may make the decision whether or not he wants to invest $1 a bale in this program.

Senator HOLLAND. All right, sir. Thank you very much.

Mr. FORKNER. Thank you.

Senator HOLLAND. Mr. Decherd, we will be glad to hear you.

STATEMENT OF M. E. DECHERD, TEXAS FEDERATION OF COOPERATIVES, TAFT, TEX.

Mr. DECHERD. Mr. Chairman, my name is M. E. Decherd of Taft, Tex. I am a cotton grower and on the board of a cooperative cotton gin, and past president of the Texas Cooperative Ginners Association. I am a member of the board of directors of the Growers Marketing Association, of Harlingen, and a Cooperative Cotton Compress and Warehouse Association with members in the lower Rio Grande Valley, coastal bend and gulf coast areas of Texas. The Cotton Producers Institute is operating in all three of these major cotton growing areas of south Texas where we grow about a million bales a year, and I have been serving as vice chairman of the CPI steering committee in the coastal bend area.

I also am a director for the Central Bank for Cooperatives and a director of the Coastal Bend Production Credit Association.

I have served as president of the Texas Federation of Cooperatives—an organization that represents producers and producer-owned handling and processing firms for all types of agricultural commodities in Texas, including 60,000 cotton growers, and over 300 cotton processing cooperatives.

We feel, without any reservation, that the Texas federation is closer to the real grassroot thinking of cotton growers than is any other statewide organization in Texas. This organization has carefully considered the Cotton Research and Promotion Act on a number of occasions and has given it unqualified support.

We have taken this action for one reason and one reason only, and that is because it is what a big majority of the cotton growers in Texas want.

In my opinion, no organization in our State that really represents the best interests of Texas cotton growers can take any other position. This opinion has been arrived at in the light of experience on a statewide basis with the Texas Federation and on a local basis in my activities as vice chairman of a CPI steering committee, and right down to my particular gin.

For several years we obtained good support for CPI under our present system because cotton growers who want to stay in the business know they must have much greater research and promotion to survive. But we have been vitally dependent on processors for collecting the money, and it takes only a few uncooperative processors to spoil a whole program like CPI in a highly competitive industry like cotton. We do not feel any grower should be made to participate against his will.

On the other hand, we do feel every grower should be given a positive opportunity to do so. We feel that we must remove the incentive for a few people who are not contributing financially to wreck the program for those who do want to carry their share of the load.

Coming as I do from an area where Federal Marketing Orders already are in effect on other commodities, I simply cannot understand all of the clamor which has been raised over using this same approach for cotton.

We have orders on lettuce, tomatoes, onions, and citrus. So far as I am aware, these programs are working well, with the producers calling the shots. It is true that the Secretary has wide discretionary power over these orders—much more than he would under the cotton proposal. But I have never heard any charge of a Secretary misusing his power under any of the current orders in our area.

The point is that the Marketing Order-Referendum approach is the only one that can do the job for cotton in research and promotion. And this job must be done if we are going to expand cotton's markets, get rid of the surplus, and get back to the kind of acreage we must have for efficient, profitable cotton production.

I support the legislation as contained in H.R. 12322.

Senator HOLLAND. All right, sir, we are glad to hear you.

Mr. DECHERD. Thank you.

Senator HOLLAND. You say you have been a strong supporter of the CPI?

Mr. DECHERD. Yes. We have had it in our area for 3 years, and it has been very successful, but this past year, why, it is getting harder to keep the idea going with a lot of people not wanting to support it financially.

Senator HOLLAND. What part of the State is Taft in?

Mr. DECHERD. Near Corpus Christi, Tex., near the southern portion.

Senator HOLLAND. The southwest part?

Mr. DECHERD. South Texas.

Senator HOLLAND. All right, thank you, sir.

Mr. DECHERD. Thank you.

Senator HOLLAND. Mr. Loften K. Stuart?

All right, Mr. Stuart, we will be glad to hear you, sir.

STATEMENT OF LOFTON K. STUART, STANTON, TENN.

Mr. STUART. Mr. Chairman, my name is Lofton K. Stuart. I live in Stanton, Haywood County, Tenn. I am testifying as an individual farmer; however, there are two other gentlemen accompanying me who are also cotton growers and have concurred in my statement as being representative of the feelings of cotton producers in their counties.

Senator HOLLAND. Do you wish their names and places of residence to be included?

Mr. STUART. I would be happy to, sir.

Mr. Clifford Sweat of Lauderdale County, and Mr. James Putman of Dyer County.

Senator HOLLAND. Thank you, sir.

Mr. STUART. Mrs. Stuart and I own and operate approximately 1,100 acres of farmland. Cotton has historically been the main source of income from the farm, and there have been as high as 14 families helping to work this land in years past. Presently there are eight families cultivating cotton acreage on the farm. Allotments have varied from 106.6 acres to 141.3 acres.

I give you this information in order to stress the importance of cotton to me and my farming operation. It would, therefore, be unwise for me to oppose the principle of research and promotion, and I state now that I am in complete agreement with the objectives of research and promotion.

I herewith state, and I think the field personnel of the National Cotton Council will agree, that I have over the years cooperated with them in the promotion of their programs in my area and I am on record to support them or any other responsible nongovernmental organization as long as research and promotion are their objectives and not promotion of legislation.

I am, however, very much opposed to this particular bill or any compulsory checkoff. In my opinion, if this bill should become law, it would set a precedent for a compulsory checkoff on any or all other commodities such as wheat, soybeans, dairy products, et cetera.

It has been stated by many that this is a voluntary checkoff, as a person can apply for and receive a refund. The bill states in section 13, paragraph (b) and I quote:

> Any handler who willfully violates any provision of any order issued by the Secretary under this act, or who willfully fails or refuses to pay or remit any assessment or fee duly required of him thereunder, shall be liable to a penalty of not more than $1,000 for each such offense which shall accrue to the United States and may be recovered in a civil suit brought by the United States.

This I maintain proves the payment of assessments is mandatory even though other sections provide for the filing of requests for refunds. No one knows how complicated this procedure will be, but experience has proved that many regulations can be quite complicated, and at times the intent of Congress is subverted by interpretations of the departments of Government which are charged with the enforcement of an act.

Secondly, I object to the method provided for referendum approval. The courts have ruled on the one man, one vote theory. I raise these questions:

In a referendum where 1 man with 1,000 bales would have 100 times more votes than 1 man with 10 bales, would this be proper?

Also, where two or more persons own a bale of cotton and the proceeds are divided, would the vote on that bale be divided?

I am thinking of a bale where the tenant receives one-half, the renter or operator one-fourth, and the landowner one-fourth. This complication could also arise where one of these owners wanted to participate in the checkoff program and the other two did not wish to participate. There is the matter of the extra paperwork that would be imposed upon a collector or handler of these funds if there is widespread opposition and numerous requests for refunds are made.

I predict that in my county there would be 80 to 90 percent of the farmers who would ask for refunds under the provisions of this act should it become effective.

Now in regard to the question of the amount of authority given to the Secretary of Agriculture, regardless of who he might be. Those who contend that he is not given too much authority either did not read the same bill that I did or their interpretation of authority is quite different from mine.

By my count (and I could have made a mistake) the Secretary is referred to no less than 65 times in this bill by either the noun, "Secretary," or the pronoun, "he," "his," or "him." He has final approval of who will be appointed to the Board. He has to approve all advertising, promotion, research, and development projects. In other words, every cent that is collected in the program.

Another objection is that the bill provides that the $1 per bale assessment is the initial rate and can be changed by amendment in the same manner as prescribed in approving the original order. Therefore, if an order was later proposed carrying a contribution of several dollars per bale, Tennessee cotton producers might conceivably be outvoted by a few extremely large growers who could approve the order.

This also raises the proposition that a large producer could vote for the bill and then ask for a refund, whereas the small producer might be reluctant to ask for it.

Another concern of the cotton producers in my county is why they alone are being asked to contribute to this fund when other segments of the industry would also benefit by any increased use of cotton.

The requirements to be met by an organization to be certified as eligible for nominations are too complicated. There are seven provisions in section 14.

As I interpret paragraph (b) of section 16, it takes away a basic right which citizens of this country have always enjoyed—that is the right to decline testimony where one's self-interest might be jeopardized. This language in this paragraph has caused concern among many persons.

The farmers of my community are inclined to agree with Congressman Jamie Whitten of Mississippi that Congress has done a good job of providing public funds for research and promotion of cotton, and we urge more competent use of these funds.

I sincerely request that you not act favorably on this bill.

Mr. Chairman, if I might inject one observation, I would like to do so at this time.

In the questions asked by the chairman and the answers given of a great many of the people who have appeared here, you have been interested in knowing how many farmers the organizations represented.

I personally took it upon myself to hold a meeting of cotton producers in my county, and asked the editor of the local paper to run a notice in the paper that the meeting was to be held, and we had representatives from practically every district in the county, at which time I read to them the bill that was before the House, and they voted there to have a petition sent to the Congress at that time. And so I dictated a petition of about 4 sentences, and we got over 300 names signed to those petitions in a few days, and Senator Bass has that original petition on file, if you are interested in it. But this is done as individuals and not as members of any organization.

Senator HOLLAND. Thank you, sir.

You mentioned the names of two gentlemen, other cotton farmers in your area, who you say are here and subscribe to your statement.

Would you ask them to stand?

Mr. STUART. Yes.

Senator HOLLAND. What are their names, please?

Mr. STUART. Mr. Sweat and Mr. Putman.

Senator HOLLAND. Do you gentlemen agree with the statements just made by the witness now on the stand?

STATEMENT OF CLIFFORD SWEAT, RIPLEY, TENN.

Mr. SWEAT. Yes, sir.

There is certain confusion on voting on these bales. As I stated, I am a cotton farmer and I am involved in several farms. One farm I get all the bales. Another farm I get three-fourths, and then I get one-half.

On another one I get one-half of three-fourths. There are 10 people involved in these bales, and Senator, someone is going to have a job explaining to us farmers just how we are going to vote if we have the opportunity to.

Senator HOLLAND. What is your understanding from the bill? Would you be allowed to vote?

Mr. SWEAT. I would be allowed to vote by being a cotton farmer but voting on my bales, mine is only 815 pounds average on about 160 acres.

Senator HOLLAND. 815 pounds production to the acre?

Mr. SWEAT. Yes, sir; that is the last 3-year average.

Senator HOLLAND. That means if you were allowed to vote on 100 percent of the production on all five of your farms, you would be voting on the 815 pounds to the acre for all the acres in those five farms?

Mr. SWEAT. If I could vote the total.

Senator HOLLAND. How do you think under the wording of this bill the number of bales or the poundage on those farms should be distributed?

Mr. SWEAT. I have no idea on the poundage. In my years voting on farm programs it has been one farmer has a right to vote.

Senator HOLLAND. All 10 of you, as I understand your statement, that are involved in the ownership of part of the product of 1 or all of these 5 farms, all 10 of you are farmers; is that right?

Mr. SWEAT. Yes, sir.

Senator HOLLAND. And your question is a practical one as to how that poundage in that number of bales should be voted, by whom?

Mr. SWEAT. Yes, sir.

Senator HOLLAND. And how much to each?

Mr. SWEAT. Yes, sir.

Senator HOLLAND. That is an interesting question.

Mr. SWEAT. It would be back to *Baker and Cobb*, Supreme Court decision, one vote, one person.

Senator HOLLAND. That is an interesting question and we will ask the officer of the Department of Agriculture who described the bill to come back and explain that.

Now will you please state rather definitely the data with reference to those five farms, leave out the acreage. Farm No. 1, who owns that?

Mr. SWEAT. I do.

Senator HOLLAND. You own it 100 percent?

Mr. SWEAT. Yes, sir.

Senator HOLLAND. You undoubtedly have the right to vote the number of bales, the poundage from that farm.

All right, farm No. 2.

Mr. SWEAT. I rent it. I pay a fourth of the rent. I get three-fourths and the landowner gets one-fourth.

Senator HOLLAND. You are not the owner of the land?

Mr. SWEAT. No, sir.

Senator HOLLAND. You rent the land and you pay one-fourth of the crop?

Mr. SWEAT. Yes, sir.

Senator HOLLAND. All right, what is farm No. 3?

Mr. SWEAT. I own it, but I have tenant farmers. They get one-half.

Senator HOLLAND. You are the owner of the land. The tenant farmer produces the cotton, and then the crop is divided?

Mr. SWEAT. Yes, sir.

Senator HOLLAND. 50–50?

Mr. SWEAT. Yes, sir.

Senator HOLLAND. All right, farm No. 4.

Mr. SWEAT. This is complicated. It is a partnership farm which we rent. I get one-half of three-fourths. We pay one-fourth in rent. I get a half of three-fourths. It is a partnership.

Senator HOLLAND. In other words, there are two partners who are renters of somebody else's land?

Mr. SWEAT. That is right.

Senator HOLLAND. You produce a cotton crop and the landlord gets one-fourth of that crop?

Mr. SWEAT. Right.

Senator HOLLAND. And the two partners who are renters get half each of the three-fourths.

Mr. SWEAT. Yes, sir.

Senator HOLLAND. All right, farm No. 5.

Mr. SWEAT. That was the fifth farm.

Senator HOLLAND. That was the fifth?

Mr. SWEAT. Yes, sir.

Senator HOLLAND. I lost count of them. It was a little complicated. We will ask the gentleman from the Department of Agriculture to comment for the record on how this would be done.

(The information is as follows:)

U.S. DEPARTMENT OF AGRICULTURE,
CONSUMER AND MARKETING SERVICE,
Washington, D.C., April 29, 1966.

HON. SPESSARD L. HOLLAND,
Chairman, Agricultural Production, Marketing, and Stabilization of Prices Subcommittee of the Senate Committee on Agriculture and Forestry, U.S. Senate

DEAR MR. CHAIRMAN: This is in response to your request on page 294 of the transcript of the hearing on the cotton research and promotion bill, H.R. 12322, that I present my views concerning how farmers may vote in a referendum where different persons have varying interests in the cotton produced on the same farm.

I do not anticipate any serious problem or complication in complying with the referendum provisions of the bill.

The procedure governing referendums under the bill would be contained in regulations issued by the Secretary of Agriculture. I cannot, of course, commit the Secretary concerning what he may include in his regulations.

I would assume, however, that since the term "cotton producer" is not defined in the bill the Secretary would define a cotton producer as any person who as landlord, tenant, or sharecropper, is entitled to share in the cotton produced on a farm or in the proceeds thereof. Each of these persons would be entitled to one vote only irrespective of the number of farms in which he has an interest. This is the method followed with respect to referendums on quota programs which, as you know, must be approved by two-thirds by number of the cotton producers participating in the referendum.

If determination is made on a production basis, it seems to me that a fair and equitable manner of treating this situation would be to permit each cotton producer to vote the aggregate of his shares of production on all farms in which he has an interest. For example, in the illustrations presented by Mr. Sweat on pages 294–295 of the transcript, and assuming that each of these farms produce 100 bales, we would have the following result if the vote were on a production basis:

Farm No. 1: Mr. Sweat is sole owner and operator. As sole owner and operator, Mr. Sweat would vote 100 bales.

Farm No. 2: Mr. Sweat rents farm from landlord. He receives three-fourths of the proceeds and the landlord one-fourth. Mr. Sweat would vote 75 bales and the landlord 25 bales.

Farm No. 3: Mr. Sweat owns farm but has a tenant. Mr. Sweat receives one-half of the proceeds and the tenant one-half. Mr. Sweat would vote 50 bales and the tenant would vote 50 bales.

Farm No. 4: Mr. Sweat and a partner rent a farm from a landlord. The landlord receives one-fourth of the proceeds and Mr. Sweat and his partner split the remaining three-fourths on a 50–50 basis. The landlord would vote 25 bales, Mr. Sweat and his partner would each vote 37½ bales.

Mr. Sweat testified that he had an interest in five farms, but gave the details on only four of them.

The aggregate volume that Mr. Sweat would be permitted to vote would be 262½ bales, whereas he would only be permitted to cast 1 vote if the determination were to be made on the basis of the number of producers voting.

I further assume that refunds of assessments collected would be handled on a similar basis. That is, in a landlord-tenant relation either could apply for a refund of the share representing his contribution without both joining in the request.

If I can supply any additional information by way of testimony or correspondence, please do not hesitate to call on me.

I am returning herewith the pages of the transcript which were sent to my by Mr. Casso.

Sincerely yours,

CLARENCE H. GIRARD,
Deputy Administrator, Regulatory Programs.

Mr. Sweat. Mr. Chairman, I would like to ask one question. I have worked with the cotton council this last year in my county.

Senator Holland. You mean you are going to put me on the stand?

Mr. Sweat. No, sir; but I would like to ask one question. Perhaps you can answer it or some gentleman in the back.

We have a cotton council in Lauderdale County and last year I believe out of 16 gins all except 2 participated. But this CPI has never been taught in Lauderdale County, so if there is so great a need of funds, why have they not been up in west Tennessee doing some work on a voluntary basis?

Senator Holland. Well, I expect they just have not had time to get around. We will not require them to answer that. This cotton industry is a pretty big industry, you know.

Mr. Stuart. Thank you very much, Mr. Chairman.

Senator Holland. Thank you.

I see we have one more witness listed here, Mr. John A. Reynolds, executive vice president of the Western Cotton Growers Association of Fresno, Calif.

STATEMENT OF JOHN A. REYNOLDS, EXECUTIVE VICE PRESIDENT, WESTERN COTTON GROWERS ASSOCIATION OF CALIFORNIA, FRESNO, CALIF.

Mr. Reynolds. Thank you, Mr. Chairman and Senator Jordan. My name is John Arthur Reynolds, of Fresno, Calif. I am executive vice president of the Western Cotton Growers Association of California.

May I call attention to the New York Times magazine section for last Sunday, April 24, which I would like to leave with the committee.

Senator Holland. We would be glad to keep that in the committee files. This would not be published, you understand?

Mr. Reynolds. That is right.

There are 33¼ pages devoted to synthetic promotion and advertising. There are three pages which, by stretching, you can call devoted to cotton advertising.

I also want to call attention to a Sunday supplement of the San Francisco Examiner-Chronicle, March 20, 1966, 12 pages, all of them devoted to synthetics advertising and not a single page devoted to cotton.

This is the type of aggressive advertising which is capturing the market for synthetics.

Product improvement through research, and advertising and promotion are the private enterprise ways of getting business. We simply need much more of both in the cotton industry if we are to survive. Without them our cotton markets and our acreage will erode.

As the chairman pointed out yesterday, the increasing affluence of the American consumer who has more and more money to spend on clothes and other fabrics is making it increasingly easier for advertising and promotion to sell more of the higher priced synthetic fabrics.

We ask that Congress, which has spent so many millions of dollars of the taxpayers' money on cotton, for which we are grateful, now

give growers the opportunity of spending their own money in the common cause. We would like to do some more fighting of our own in the marketplace.

My board of directors vigorously endorsed H.R. 12322 by a unanimous vote.

Senator HOLLAND. Mr. Reynolds, how many producers are included in the membership of your organization?

Mr. REYNOLDS. Between 7,000 and 7,500.

Senator HOLLAND. What area is covered?

Mr. REYNOLDS. Our area principally covers the San Joaquin valley.

The Imperial Valley, which is in the southern part of the State, is covered by the Imperial Valley Growers Association principally, who also have unanimously endorsed this bill.

Senator HOLLAND. Is their statement shown in the record?

Mr. REYNOLDS. No, sir.

Senator HOLLAND. We have had you here speaking for groups of growers in the San Joaquin Valley, and we have had two other witnesses, both of them apparently are cottongrowers living in the San Joaquin Valley, one speaking for the Farm Bureau Federation and presumably for the cottongrowers in that organization, and the other one speaking for another organization which includes not only growers in part of the San Joaquin Valley but some in Arizona?

Mr. REYNOLDS. Yes.

Senator HOLLAND. How do you account for this difference in point of view?

Are not the growers in all the organizations?

Mr. REYNOLDS. That is an interesting question, Senator. It is sort of like a horserace. Before the race is run and won, there can be very honest differences of opinion, and the person who thought his horse was going to come in first, it can come in the very last even though he put all his money on it.

Senator HOLLAND. Quite true.

Mr. REYNOLDS. And we just feel that actually we are not going to know, neither Mr. Grant nor myself are going to know until we have a referendum on this. That is what we want.

Senator HOLLAND. Does your Western Cotton Growers Association include many of the growers of both these other groups?

Mr. REYNOLDS. Oh, yes, sir.

Senator HOLLAND. Does the Farm Bureau contain many of the growers in your group?

Mr. REYNOLDS. Yes, sir.

Senator HOLLAND. And the other group?

Mr. REYNOLDS. Yes, sir.

Senator HOLLAND. So nobody knows where the majority of the cottongrowers are in this proposition with as much diversity of opinion in their leadership; is that correct?

Mr. REYNOLDS. We know where they stand.

Senator HOLLAND. This would indicate that the strength of the leadership in each of these organizations is such that the leaders must do a good bit of the thinking at the meetings; would you not say?

Mr. REYNOLDS. I think this might obtain in other organizations other than cottongrowers, and other groups, Senator.

Senator HOLLAND. But it probably obtains in the Western Cotton Growers Association?

Mr. REYNOLDS. I think it obtains in every organization, yes, indeed.

Senator HOLLAND. I suspect there is much to that.

We thank you for your testimony.

We have statements for the record, a favorable statement from Mr. Tony Dechant, president of the Farmers Union, which will be placed in the record.

Here is a statement from the American Cotton Producers Associates of Victoria, Tex., signed by Mr. W. W. Hart.

I should say the first letter was written to Senator Ellender.

The second letter was written to myself.

The third letter is from Mr. W. C. Runkle, president, the Arizona Cotton Ginners Association, written to me.

The fourth letter is from Mr. E. E. Gasque, Jr., president of the Carolinas Ginners Association, written to me.

The last letter is from Mr. J. B. Kirklin, executive vice president of the Trans-Pecos Cotton Association, written to me.

I also have a wire to me from Mrs. Harry B. Caldwell.

Senator JORDAN. She is master of the Grange.

Senator HOLLAND. Master, North Carolina State Grange.

I also have a letter by Western Union from Charles R. Bell, president, National Cotton Ginners Association, addressed to me.

I am going to ask that all of these letters and wires be incorporated in the record.

(The documents referred to follow:)

APRIL 22, 1966.

HON. ALLEN J. ELLENDER,
Chairman, Senate Agriculture and Forestry Committee,
Senate Office Building,
Washington, D.C.

DEAR SENATOR ELLENDER: The purpose of this memorandum is to inform you of the support of the National Farmers Union for the bill (H.R. 12322) presently before the committee to enable cotton producers to establish, finance, and carry out a program of research and promotion needed to improve the competitive position of cotton fiber and to develop markets for cotton.

The position of Farmers Union at the time the bill was before the House Agriculture Committee was to ask for a continuance in order that we might have more time to discuss the legislation with our cotton producing members and to seek several perfecting amendments which, in our judgment, would strengthen the measure. While we did not oppose the bill, asking for a continuance was so interpreted in several instances.

We have now had the opportunity to further consider this legislation.

Since an amended bill was passed by the House on March 3, our organization has held its annual convention. At that time a comprehensive review and study was made of our policies for the coming year including further study and consideration of H.R. 12322. A number of amendments have been adopted since the bill was first introduced in the House, all of which improve the legislation. In view of these changes and in consideration of the fact that carry-over cotton on July 1 is now estimated to be 16 million bales, Farmers Union urges the Senate Agriculture Committee to act favorably on the legislation and to recommend to the Senate the program of research and promotion authorized by the bill be undertaken as soon as possible.

A copy of this letter has been sent to each members of the Senate Agriculture Committee.

Best personal regards.

Sincerely,

TONY T. DECHANT,
President, National Farmers Union.

VICTORIA, TEX., *April 24, 1966.*

Senator SPESSARD L. HOLLAND,
Chairman, Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, Senate Office Building, Washington, D.C.

DEAR SENATOR HOLLAND: The American Cotton Producers Associates while in annual meeting April 19, 1966, passed a resolution overwhelmingly endorsing the Cotton Research and Promotion Act of 1966.

Our association is made up of cotton producer organizations affiliated across the cotton belt to provide a united front on important cotton industry matters. We represent some 12 cotton producing States from the Southeast to California.

This bill as passed by the House of Representatives should be speedily and favorably reported by your committee. We would hope your committee would report this bill just as was passed by the House of Representatives, without any amendments.

Time is of essence if we are to start this vital program this year. Please place this letter in the official records of the hearings.

We would urge you to do all possible in helping this bill get quick Senate approval.

Very truly yours,

W. W. HART,
President, American Cotton Producers Association.

LITCHFIELD PARK, ARIZ., *April 7, 1966.*

Hon. SPESSARD L. HOLLAND,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: Reference is had to the House bill, H.R. 12322, covering research and promotion of cotton. We understand that your subcommittee will hold hearings on this bill about April 18.

Our organization is strongly in favor of this bill and feels that it is a must in helping to save the economy of the entire cotton industry and we urge your fullest support in steering it through to final enactment. We know that you fully understand the urgency in expediting its fulfillment in order to be effective against the 1966 crop.

Your efforts and leadership in having this bill referred to the subcommittee without delay are appreciated by us. We would be glad to submit written testimony in favor of the bill if you think it advisable.

Sincerely,

W. C. RUNKLE,
President, Arizona Cotton Ginners Association.

PECOS, TEX., *April 23, 1966.*

Hon. SPESSARD L. HOLLAND,
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR HOLLAND: The hearings you are going to begin in the coming week on the promotion of cotton research and sales which will be a contribution of $1 per bale donated by the farmers, I think, is very good legislation. I hope that you will take this letter as an endorsement of such legislation.

I represent about five counties in the trans-Pecos area of Texas, and our association has voted to support such legislation.

I hope that you can report this bill out of your subcommittee without any amendments, and I would appreciate it very much if you would incorporate this letter into the records of the hearings in support of such legislation.

With best personal regards, I am,

Yours truly,

J. B. KIRKLIN,
Executive Vice President, Trans-Pecos Cotton Association.

GREENSBORO, N.C., *April 25, 1966.*

Senator SPESSARD L. HOLLAND,
Senate Office Building,
Washington, D.C.:

Please record the North Carolina State grange as favoring H.R. 12322. We feel this legislation is imperative.

Mrs. HARRY B. CALDWELL,
Master, North Carolina State Grange.

PHOENIX, ARIZ., *April 20, 1966.*

Hon. SPESSARD L. HOLLAND,
Senate Office Building,
Washington, D.C.:

The National Cotton Ginners' Association representing State ginning associations in 20 cotton-producing States endorse the cotton research and promotion bill (H.R. 12322) as it passed the House of Representatives. We are proud that this bill was referred to your subcommittee knowing of your interest and leadership in obtaining similar legislation for other agricultural commodities. We would very much appreciate your making this endorsement a part of the record of your hearings on this bill.

CHARLES R. BELL,
President, National Cotton Ginners' Association.

Senator HOLLAND. Are there other letters to go into the record?

Are there other witnesses who wish to be heard?

If not, I am going to declare the hearing closed with the exception of the fact that written communications or presentations by Senators or Members of the House of Representatives which reach you prior to the time the record is completed for printing may be incorporated in the record.

I would like to be advised of them so that if there is any question about them, I can pass on them or have the committee pass on them.

Subject to that condition, the meeting is closed.

(Whereupon, at 3:30 p.m., the hearing was closed.)

(Additional statements filed for the record are as follows:)

COLUMBIA, S.C., *April 22, 1966.*

Senator S. L. HOLLAND,
Senate Office Building, Washington, D.C.

DEAR SENATOR HOLLAND: Realizing that you will be conducting hearings on the above referenced legislation and having read the House hearing record, I feel that I should supply some additional information.

As stated in the House hearing record by a Mr. Evans—South Carolina did pass a resolution supporting Cotton Producers Institute. It was controversial at that time and it is still controversial.

The program and the legislation as explained by the National Cotton Council to our cotton committee and other farmers across the State bears little resemblance to H.R. 12322. I personally believe if this bill was explained fully and the far-reaching effects studied there would be much more opposition to it.

Many good points of H.R. 12322 and some of the bad features are pointed out in the enclosed editorial. I think this should be pointed out as coming from our State.

Congratulations to you for the fine job you are doing in Congress. Your people are proud of you. You are admired by many of us across this United States whose way of life is tied to agriculture.

Sincerely,

DAVID SLOAN,
President, South Carolina Farm Bureau Federation.

(The editorial is as follows:)

[From the State, Columbia, S.C., Apr. 21, 1966]

COTTON AND CAUTION

Cotton farmers of the United States are talking seriously these days about putting more effort (and money) into research, development, and promotion.

Not only are they talking about it, they are doing something about it. A cotton research and promotion bill already has been passed by the U.S. House of Represenatives and is to be the subject of further hearings before a Senate subcommittee starting later this month.

The intent of the bill is laudable, for it represents a self-help effort on the part of individuals and organizatious identified with the cotton industry. Chief propoueuts are the National Cotton Council aud the Cotton Producers Institute. Together, these organizations have beeu conductiug a limited amount of research aud promotion through $1-a-bale contributions made voluntarily by a good many cotton producers.

But much more money is needed if cotton is to regain its competitive standing with the synthetic fibers. For every step forward taken by cotton, the synthetics make a running broad jump. About $30 milliou a year is devoted to the development and promotion of cotton, iucluding all the funds which come from the Federal Government. By contrast, more thau $200 million annually is poured into research and promotion of syuthetics, chiefly by the 10 industrial giants which produce 95 percent of all syuthetic fibers.

The pending legislatiou, involving a referendum, would make it possible for cotton producers to raise much more money (from within the industry) by levying a $1-a-bale assessmeut on all cotton ginned within the southwide Cotton Belt. There would be provisiou for rebating the assessmeut to farmers who do not waut to participate in the program, but a certaiu amount of redtape would be involved.

We recognize the pressiug need for more research funds, and we have nothing but praise for those individuals who are urgiug the industry to lift itself by its own bootstraps. But a couple of caution flags should be flown.

In the first place, there seems cause for concern about the manner iu which the proposed referendum of cottongrowers would be conducted. The program could be initiated if it gets the approval of two-thirds of the cottongrowers, or if it gets the approval of producers who grow two-thirds of the volume of cotton. Cotton farmers of the Southeast should pay careful attention to this feature. which possibly could place control in the hands of the big western producers who grow vast quantities of cotton.

Even more alarming, however, is the degree of confidence—and control—which would be vested iu the Secretary of Agriculture. Mind you, this is supposed to be a self-help program, not a Government program. Yet the proposed legislatiou contains no fewer than 51 separate references to the Secretary of Agriculture, most of which give him inordinate powers to coutrol the program.

For example, the Secretary would appoint the Cotton Board which would administer the program. Furthermore, he would have the final say-so on "any advertising or sales promotion or research aud development plans or projects."

The Secretary would have a veto over virtually every activity and over the expenditure of millions upon millions of privately raised dollars. It is entirely too much to expect that a Cabinet member, regardless of political persuasion, could resist such a golden opportunity to manipulate the massive program in behalf of his own agricultural philosophy. And this says nothing about the temptation to serve his own political interests—and those of his party.

We fear that subjecting any such "private" program to governmental control would set a precedent which could lead to still more straitjacketing of American agriculture.

Cotton needs and deserves more research, development, and promotion. (It has been getting it here in South Carolina.) But cotton farmers should look long and hard at any scheme which would permit the program to become either a personal or a political plaything of auy Secretary of Agriculture.

LOVING, N. MEX., *April 22, 1966.*

Senator SPESSARD L. HOLLAND,
Chairman, Subcommittee on Agricultural Production and Marketing, Senate Committee on Agriculture and Forestry, Senate Office Building, Washington, D.C.

DEAR SENATOR HOLLAND: This is to inform you that the position of this association is in support of the program as embodied in H.R. 12322 which is called the cotton research and promotion bill.

It is our knowledge that the majority of the cotton producers desire to make a contribution to promote their product. However, collection of this item on a voluntary basis by cotton gins has led to competitive factors taking over and has resulted in nearly a complete breakdown in the voluntary method of farmers paying these amounts into the fund.

For these reasons we wholeheartedly support the legislation and hope that you can clear it through your subcommittee and the whole committee for favorable action on the floor of the Senate.

Yours very truly,

WINSTON LOVELACE,
Secretary-Treasurer,
New Mexico Cotton Ginners' Association, Inc.

MONTGOMERY, ALA., *April 24, 1966.*

Hon. SPESSARD L. HOLLAND,
Chairman, Subcommittee on Cotton of the Senate Committee on Agriculture, Senate Office Building, Washington, D.C.:

We oppose enactment of H.R. 12322, the cotton checkoff bill. The delegates of the Alabama Farm Bureau Federation, at the last annual meeting, voted to oppose in any form the principals that are proposed in H.R. 12322. We urge your committee to kill this bill. We believe this would also help to immediately restore some degree of harmony within the raw cotton industry with regard to research and promotion funds. Producers are now contributing, on a voluntary basis, more than 80 percent of all the funds collected by the National Cotton Council, averaging better than $5½ million annually. This program is now in serious jeopardy and enactment of H.R. 12322 will immediately destroy the present finance plan of the National Cotton Council and would probably seriously disrupt other promotional programs presently being carried out in some few States. Farmers would not continue to support the present program, while being saddled with the checkoff of $1 per bale or more now being proposed in H.R. 12322. Reports on the House debate indicated that the synthetic fiber industry is spending $200 million annually in research and promotion. It is foolhardy to suggest that cotton farmers attempt to outbid a program of this magnitude and it is more ridiculous to believe that H.R. 12322 would bring about a reversal of cotton's acute problem. The fact is it has never been demonstrated that any amount of money expended on the promotion of cotton would have a major impact on consumption and use, so long as cotton stocks, price, and planting are controlled by legislation. We request that this statement be included on the record of the hearing.

J. D. HAYS,
President, Alabama Farm Bureau Federation.

RICHMOND, VA., *April 25, 1966.*

Senator SPESSARD HOLLAND,
Washington, D.C.:

Due to favorable planting weather am unable attend Senate hearings tomorrow. However, Virginia farmers are unadulterably opposed to H.R. 12322 patent checkoff. Our cotton acreage is small but we oppose on principle because of precedent it will set for other commodities. Request this telegram be inserted in hearings record.

ROBERT B. DELANO,
President, Virginia Farm Bureau Federation.

BOBO, MISS., *April 26, 1966.*

Senator SPESSARD HOLLAND,
Chairman of Senate Agriculture Committee,
Senate Office Building,
Washington, D.C.:

Thousands of big and little Mississippi farmers are opposed to this diabolical $1 per bale holdup taking money from farmers by Federal law to hand over to the NCC or CPI or any other organization is unbelievable and un-American.

I asked for a refund. Do you think I will get it? Will Federal Government guarantee refund? In your heart you know this thing is not right. Hope you bury it too deep to ever be heard of again.

W. E. YOUNG.

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LEGISLATIVE HISTORY

Public Law 89-502
H. R. 12322

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INDEX AND SUMMARY OF H. R. 12322

Jan. 26, 1966	Rep. Cooley introduced H. R. 12322 which was referred to House Agriculture Committee. Print of bill as introduced.
Feb. 21, 1966	House committee voted to report H. R. 12322.
Feb. 24, 1966	House committee reported H. R. 12322 with amendments. H. Report No. 1300. Print of bill and report.
Mar. 1, 1966	House Rules Committee reported resolution for consideration of H. R. 12322. H. Res. 750, H. Report 1302.
Mar. 3, 1966	House passed H. R. 12322 with amendments.
Mar. 4, 1966	H. R. 12322 was referred to Senate Agriculture and Forestry Committee. Print of bill as referred.
June 7, 1966	Senate subcommittee approved H. R. 12322.
June 8, 1966	Senate committee announced consideration of H. R. 12322.
June 9, 1966	Senate committee voted to report H. R. 12322.
June 13, 1966	Senate committee reported (during adjournment) H. R. 12322 with amendments. S. Report 1272. Print of bill and report.
June 15, 1966	Senate passed H. R. 12322 as reported.
June 16, 1966	Both Houses appointed conferees on H. R. 12322.
June 28, 1966	Senate received and agreed to conference report.
June 29, 1966	House received conference report on H. R. 12322. H. Report No. 1673.
June 30, 1966	House agreed to conference report.
July 13, 1966	Approved: Public Law 89-502.

DIGEST OF PUBLIC LAW 89-502

COTTON RESEARCH AND PROMOTION ACT. Authorizes the Secretary of Agriculture to issue a preliminary marketing order for an assessment of $1 per bale of cotton, to be paid by growers, to finance a national cotton research program and for establishment of a Cotton Board to administer collection of the assessments and conduct the research and promotion. Provides for the order to be put into effect if approved in a referendum by two-thirds of the cotton growers voting, or if approved by producers representing two-thirds of the cotton production of voters in the referendum, and by not less than a majority of the producers voting in the referendum. Provides that the Cotton Board shall be composed of at least one representative from each cotton producing state. Specifies that assessments are to be collected by cotton handlers designated by the Cotton Board and that any producer may receive a refund for the assessment on his crop upon submission of a written request and proof that he paid the assessment. Provides that the Secretary may hold a referendum to terminate the marketing order at the request of at least 10 percent of the producers who had voted in the approving referendum, and that the order be suspended by a majority vote in the repeal referendum.

H. R. 12322

A BILL

89TH CONGRESS
2D SESSION

H. R. 12322

IN THE HOUSE OF REPRESENTATIVES

JANUARY 26, 1966

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be known as the Cotton Research and Promotion Act.

LEGISLATIVE FINDINGS AND DECLARATION OF POLICY

SEC. 2. Cotton is the basic natural fiber of the Nation. It is produced by many individual cottongrowers throughout the various cotton-producing States of the Nation. Cotton moves in large part in the channels of interstate and foreign

commerce and such cotton which does not move in such channels directly burdens or affects interstate commerce in cotton and cotton products. All cotton produced in the United States is in the current of interstate or foreign commerce or directly burdens, obstructs, or affects interstate or foreign commerce in cotton and cotton products. The efficient production of cotton and the maintenance and expansion of existing markets and the development of new or improved markets and uses is vital to the welfare of cotton-growers and those concerned with marketing, using, and processing cotton as well as the general economy of the Nation. In the years since World War II, United States cotton and the products thereof have been confronted with intensive competition, both at home and abroad, from foreign-grown cotton and from other fibers, primarily man-made fibers. The great inroads on the market and uses for United States cotton which have been made by manmade fibers have been largely the result of extensive research and promotion which have not been effectively matched by cotton research and promotion. The production and marketing of cotton by numerous individual farmers have prevented the development and carrying out of adequate and coordinated programs of research and promotion necessary to the maintenance and improvement of the competitive position of, and markets for, cotton. Without an effective

and coordinated method for assuring cooperative and collective action in providing for, and financing such programs, individual cotton farmers are unable adequately to provide or obtain the research and promotion necessary to maintain and improve markets for cotton.

It has long been found to be in the public interest to have, or endeavor to have, a reasonable balance between the supply of and demand for cotton grown in this country. To serve this public interest the Congress has provided for the comprehensive exercise of regulatory authority in regulating the handling of such cotton supplemented by price-support programs with the objective of adjusting supply to demand in the interest of benefiting producers and all others concerned with the production and handling of cotton as well as the general economy of the country. In order for the objective of such programs to be effectuated to the fullest degree, it is necessary that the existing regulation of marketing be supplemented by providing as part of the overall governmental program for effectuating this objective, means of increasing the demand for cotton with the view of eventually reducing or eliminating the need for limiting marketings and supporting the price of cotton.

It is therefore declared to be the policy of the Congress and the purpose of this Act that it is essential in the public interest through the exercise of the powers provided herein,

to authorize and enable the establishment of an orderly procedure for the development, financing through adequate assessments on all cotton harvested in the United States, and carrying out an effective and continuous coordinated program of research and promotion designed to strengthen cotton's competitive position and to maintain and expand domestic and foreign markets and uses for United States cotton.

COTTON RESEARCH AND PROMOTION ORDERS

SEC. 3. To effectuate the declared policy of this Act, the Secretary shall, subject to the provisions of this Act, issue and from time to time amend, orders applicable to persons engaged in the harvesting, marketing, ginning, or other handling of cotton, hereinafter referred to as handlers. Such orders shall be applicable to all production or marketing areas, or both, in the United States.

NOTICE AND HEARING

SEC. 4. Whenever the Secretary has reason to believe that the issuance of an order will tend to effectuate the declared policy of this Act, he shall give due notice and opportunity for a hearing upon a proposed order. Such hearing may be requested and a proposal for an order submitted by any cotton producer organization certified pursuant to section 14 of this Act or by any other interested person or persons, including the Secretary. The considera-

tion and formulation of the terms of any such proposed order for submittal to the Secretary or the carrying out or compliance with any provision of this Act or any order or regulation issued pursuant thereto shall not be held to be in violation of any of the antitrust laws of the United States and shall be deemed to be lawful.

FINDING AND ISSUANCE OF AN ORDER

SEC. 5. After notice and opportunity for hearing as provided in section 4, the Secretary shall issue an order if he finds, and sets forth in such order, upon the evidence introduced at such hearing, that the issuance of such order and all the terms and conditions thereof will tend to effectuate the declared policy of this Act.

PERMISSIVE TERMS IN ORDERS

SEC. 6. Orders issued pursuant to this Act shall contain one or more of the following terms and conditions, and except as provided in section 7, no others.

(a) Providing for the establishment, issuance, effectuation, and administration of appropriate plans or projects for the advertising and sales promotion of cotton and its products and for the disbursement of necessary funds for such purposes: *Provided, however,* That any such plan or project shall be directed toward increasing the general demand for cotton or its products but no reference to a private brand or trade name shall be made if the Secretary determines that

such reference will result in undue discrimination against the cotton products of other persons: *And provided further*, That no such advertising or sales promotion programs shall make use of false or unwarranted claims in behalf of cotton or its products or false or unwarranted statements with respect to the quality, value, or use of any competing product.

(b) Providing for establishing and carrying on research and development projects and studies with respect to the production, ginning, processing, distribution, or utilization of cotton and its products, to the end that the marketing and utilization of cotton may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(c) Providing that handlers or any class of handlers maintain and make available for inspection such books and records as may be required by the order and for the filing of reports by such handlers at the times, in the manner, and having the content prescribed by the order, to the end that information and data shall be made available to the Cotton Board and to the Secretary which is appropriate or necessary to the effectuation, administration, or enforcement of the Act or of any order or regulation issued pursuant to this Act: *Provided, however*, That all information so obtained shall be kept confidential by all officers and employees of the Department of Agriculture and of the Cotton Board, and only

such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or upon the request, of the Secretary of Agriculture, or to which he or any officer of the United States is a party, and involving the order with reference to which the information so to be disclosed was furnished or acquired. Nothing in this section shall be deemed to prohibit (1) the issuance of general statements based upon the reports of a number of handlers subject to an order, which statements do not identify the information furnished by any person, or (2) the publication by direction of the Secretary, of the name of any person violating any order, together with a statement of the particular provisions of the order violated by such person. Any such officer or employee violating the provisions of this section shall upon conviction be subject to a fine of not more than $1,000 or to imprisonment for not more than one year, or to both, and shall be removed from office.

(d) Terms and conditions incidental to and not inconsistent with the terms and conditions specified in this Act and necessary to effectuate the other provisions of such order.

REQUIRED TERMS IN ORDERS

SEC. 7. Orders issued pursuant to this Act shall contain the following terms and conditions:

(a) Providing for the establishment and selection by

the Secretary, of a Cotton Board, and defining its powers and duties, which shall include only the powers:

(1) To administer such order in accordance with its terms and provisions;

(2) To make rules and regulations to effectuate the terms and provisions of such order;

(3) To receive, investigate, and report to the Secretary complaints of violations of such order; and

(4) To recommend to the Secretary amendments to such order.

(b) Providing that the Cotton Board shall be composed of representatives of cotton producers selected by the Secretary from nominations submitted by eligible producer organizations within a State, as certified pursuant to section 14 of this Act, or, if the Secretary determines that a substantial number of producers are not members of or their interests are not represented by any such eligible producer organizations, from nominations made by producers in the manner authorized by the Secretary, so that the representation of cotton producers on the Board for each cotton-producing State shall reflect, to the extent practicable, the proportion which that State's marketings of cotton bears to the total marketings of cotton in the United States: *Provided, however,* That each cotton-producing State shall be entitled to at least one representative on the Cotton Board.

(c) Providing that the Cotton Board shall, subject to the provisions of subsection (g) of this section, develop and submit to the Secretary for his approval any advertising or sales promotion or research and development plans or projects, and that any such plan or project must be approved by the Secretary before becoming effective.

(d) Providing that the Cotton Board shall, subject to the provisions of subsection (g) of this section, submit to the Secretary for his approval, budgets on a fiscal period basis of its anticipated expenses and disbursements in the administration of the order, including probable costs of advertising and promotion and research and development projects.

(e) Providing that each handler of cotton, as prescribed by the order, shall collect from the producer or other person for whom the cotton, including cotton owned by the handler, is being handled, and shall pay to the Cotton Board, an assessment prescribed by the order, on the basis of bales of cotton handled, for such expenses and expenditures, including provision for a reasonable reserve, as the Secretary finds are reasonable and likely to be incurred by the Cotton Board under the order, during any period specified by him. The initial rate of assessment prescribed by the order shall be $1 per bale of cotton handled, and such rate may not be

changed except by amendment of the order, recommended by the Cotton Board, approved by the Secretary, and adopted by cotton producers in a referendum pursuant to section 8. The Secretary may maintain a suit against any person subject to the order for the collection of such assessment, and the several district courts of the United States are hereby vested with jurisdiction to entertain such suits regardless of the amount in controversy: *Provided,* That the remedies provided in this section shall be in addition to, and not exclusive of, the remedies provided for elsewhere in this Act or now or hereafter existing at law or in equity.

(f) Providing that the Cotton Board shall maintain such books and records and prepare and submit such reports from time to time, to the Secretary as he may prescribe, and for appropriate accounting by the Cotton Board with respect to the receipt and disbursement of all funds entrusted to it.

(g) Providing that the Cotton Board, with the approval of the Secretary, shall enter into contracts or agreements for the development and carrying out of the activities authorized under the order pursuant to sections 6 (a) and (b), and for the payment of the costs thereof with funds collected pursuant to the order, with an organization or association whose governing body consists of cotton producers selected by the cotton producer organizations certified by the Secretary under section 14, in such manner that the producers of each cot-

ton-producing State will, to the extent practicable, have representation on the governing body of such organization in the proportion that the cotton marketed by the producers of each State bears to the total cotton marketed by the producers of all States, subject to adjustments to reflect lack of participation in the program by reason of refunds under section 11. Any such contract or agreement shall provide that such contracting organization or association shall develop and submit annually to the Cotton Board, for the purpose of review and making recommendations to the Secretary, a program of research, advertising, and sales promotion projects, together with a budget, or budgets, which shall show the estimated cost to be incurred for such projects, and that any such projects shall become effective upon approval by the Secretary. Any such contract or agreement shall also provide that the contracting organization shall keep accurate records of all its transactions and make an annual report to the Cotton Board of activities carried out and an accounting for funds received and expended, and such other reports as the Secretary may require.

(h) Providing that no funds collected by the Cotton Board under the order shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsection (a) (4) of this section.

REQUIREMENT OF REFERENDUM AND COTTON PRODUCER APPROVAL

SEC. 8. The Secretary shall conduct a referendum among cotton producers for the purpose of ascertaining whether the issuance of an order is approved or favored by producers. No order issued pursuant to this Act shall be effective unless the Secretary determines that the issuance of such order is approved or favored by not less than two-thirds of the cotton producers voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production of cotton, or by cotton producers voting in the referendum who, during such representative period, have produced at least two-thirds of the volume of the cotton produced.

SUSPENSION AND TERMINATION OF ORDERS

SEC. 9. (a) The Secretary shall, whenever he finds that any order issued under this Act, or any provision thereof, obstructs or does not tend to effectuate the declared policy of this Act, terminate or suspend the operation of such order or such provision thereof.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of 10 per centum or more of the number of cotton producers voting in the referendum approving the order, to determine whether cotton producers favor the termination or suspension of the

order, and he shall suspend or terminate such order at the end of the marketing year, as defined in the order, whenever he determines that suspension or termination of the order is approved or favored by a majority of the producers of cotton voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production of cotton, and who produced more than 50 per centum of the volume of the cotton produced by the cotton producers voting in the referendum.

(c) The termination or suspension of any order, or any provision thereof, shall not be considered an order within the meaning of this Act.

PROVISIONS APPLICABLE TO AMENDMENTS

SEC. 10. The provisions of this Act applicable to orders shall be applicable to amendments to orders.

PRODUCER REFUNDS

SEC. 11. Notwithstanding any other provision of this Act, any cotton producer against whose cotton any assessment is made and collected from him under the authority of this Act and who is not in favor of supporting the research and promotion program as provided for herein shall have the right to demand and receive from the Cotton Board a refund of such assessment: *Provided,* That such demand shall be made personally by such producer in accordance with

regulations and on a form prescribed by the Board and approved by the Secretary within thirty days from the date on which such assessment was collected, stating the name and address of the handler making the collection, the date of the collection, and the quantity of cotton involved, supported by statements in writing from the handlers in the manner and form prescribed by the Board and approved by the Secretary that the sum for which refund is sought was collected from such producer. A record of each demand for a refund shall be made and such record shall be a matter of public record. No producer requesting a refund shall be eligible to vote in any subsequent referendum until all amounts refunded to him have been repaid to the Cotton Board unless the Cotton Board in accordance with regulations issued under the order waives such repayment.

PETITION AND REVIEW

SEC. 12. (a) Any person subject to any order may file a written petition with the Secretary, stating that any such order or any obligation imposed in connection therewith is not in accordance with law and praying for a modification thereof or to be exempted therefrom. He shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations made by the Secretary. After such hearing, the Secretary shall make a ruling upon

the prayer of such petition which shall be final, if in accordance with law.

(b) The district courts of the United States in any district in which such person is an inhabitant, or has his principal place of business, are hereby vested with jurisdiction to review such ruling, provided a complaint for that purpose is filed within twenty days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the Secretary by delivering to him a copy of the complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted pursuant to subsection (a) of this section shall not impede, hinder, or delay the United States or the Secretary from obtaining relief pursuant to section 13 (a) of this Act.

ENFORCEMENT

SEC. 13. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating any order or regulation made or issued pursuant to this Act.

(b) Any person who willfully violates any provision of any order issued by the Secretary under this Act, or who willfully fails or refuses to pay or remit any assessment or fee duly required of him thereunder, shall be liable to a penalty of not more than $1,000 for each such offense which shall accrue to the United States and may be recovered in a civil suit brought by the United States.

CERTIFICATION OF COTTON PRODUCER ORGANIZATION

SEC. 14. The eligibility of each cotton producer organization to represent cotton producers of a cotton producing State to request the issuance of an order under section 4, and to participate in the making of nominations under section 7(b) shall be certified by the Secretary and shall be based upon a factual report submitted by the organization which shall contain information deemed relevant and specified by the Secretary for the making of such determination, including the following:

(a) Geographic territory within the State covered by the organization's active membership;

(b) Nature and size of the organization's active membership in the State, proportion of total of such active membership accounted for by farmers, a map showing the cotton-producing counties in such State in which the organization has members, the volume of cotton produced in each such county, the number of

cotton producers in each such county, and the size of the organization's active cotton producer membership in each such county;

(c) The extent to which the cotton producer membership of such organization is represented in setting the organization's policies;

(d) Evidence of stability and permanency of the organization;

(e) Sources from which the organization's operating funds are derived;

(f) Functions of the organization; and

(g) The organization's ability and willingness to further the aims and objectives of this Act:

Provided, however, That the primary consideration in determining the eligibility of an organization shall be whether its cotton farmer membership consists of a sufficiently large number of the cotton producers who produce a relatively significant volume of cotton to reasonably warrant its participation in the nomination of members for the Cotton Board. The Secretary shall certify any cotton producer organization which he finds to be eligible under this section, and his determination as to eligibility shall be final.

REGULATIONS

SEC. 15. The Secretary is authorized to make such regulations with the force and effect of law, as may be necessary

to carry out the provisions of this Act and the powers vested in him by this Act.

INVESTIGATIONS: POWER TO SUBPENA AND TAKE OATHS AND AFFIRMATIONS: AID OF COURTS: SELF-INCRIMINATION

SEC. 16. (a) The Secretary may make such investigations as he deems necessary for the effective carrying out of his responsibilities under this Act or to determine whether a handler or any other person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, or of any order, or rule or regulation issued under this Act. For the purpose of any such investigation, the Secretary is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents which are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpena issued to, any person, including a handler, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production

of books, papers, and documents; and such court may issue an order requiring such person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

(b) No person shall be excused from attending and testifying or from producing books, papers, and documents before the Secretary, or in obedience to the subpena of the Secretary, or in any cause or proceeding, criminal or otherwise, based upon or growing out of any alleged violation of this Act, or of any order, or rule or regulation issued thereunder on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

DEFINITIONS

SEC. 17. As used in this Act:

(a) The term "Secretary" means the Secretary of Agriculture.

(b) The term "person" means any individual, partnership, corporation, association, or any other entity.

(c) The term "cotton" means all upland cotton harvested in the United States, and, except as used in section 7(e), includes cottonseed of such cotton and the products derived from such cotton and its seed.

(d) The term "handler" means any person who handles cotton or cottonseed in the manner specified in the order or in the rules and regulations issued thereunder.

(e) The term "United States" means the continental United States.

SEPARABILITY

SEC. 18. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION

SEC. 19. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such funds as are necessary to carry out the provisions of

this Act. The funds so appropriated shall not be available for the payment of the expenses or expenditures of the Cotton Board in administering any provisions of any order issued pursuant to the terms of this Act.

EFFECTIVE DATE

SEC. 20. This Act shall take effect upon enactment.

89TH CONGRESS
2D SESSION

H. R. 12322

A BILL

To enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

By Mr. COOLEY

JANUARY 26, 1966
Referred to the Committee on Agriculture

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued Feb. 23, 1966
For actions of Feb. 21 & 22, 1966
89th-2nd; Nos. 29 & 30

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HIGHLIGHTS: Senator Proxmire criticized school milk budget cut. Sen. Church criticized budget cut for land-grant colleges. House committee voted to report cotton research bill. Rep. Quie spoke in support of proposed Children's Special Milk Act. Several Reps. inserted articles supporting Food for freedom program. Feb. 22--House received from President (on Feb. 21) supplemental appropriation estimates for 1966. Rep. Anderson opposed reduction in school lunch and school milk programs.

SENATE - Feb. 21

1. FOREIGN AID. The Foreign Relations Committee voted to report (but did not actually report) H. R. 12563, to provide for U. S. participation in the Asian Development Bank. p. D113

2. SCHOOL MILK; SCHOOL LUNCH. Sen. Proxmire criticized the budget cut for the school milk program and the proposed "means test to determine which children are poor enough to receive free milk." p. 3368

Sen. Aiken inserted a resolution of the Senate and House education committees of the Vt. General Assembly critical of budget cuts for the school milk and school lunch programs and urging increased appropriations for these programs. p. 3358

3. EXTENSION SERVICE; LAND-GRANT COLLEGES. Sen. Church criticized the budget cut for land-grant colleges, and stated that the proposal that the county extension program "be retooled to direct more resources to local income areas rather than spread it across each State" seems like a good idea. p. 3402

4. WEATHER MODIFICATION. Sen. McGovern inserted and commended an editorial supporting proposed legislation to provide for a weather modification research program. pp. 3382-3

5. WATER POLLUTION. Sen. Bayh commended the Eli Lilly & Co. for receiving a citation from the Wabash Valley Assoc. "for its outstanding and continuing efforts to prevent pollution of the Wabash River" at its laboratories in Ind. pp. 3393-4

6. DISASTER RELIEF; FORESTRY. Sen. Morse commended the efforts of Federal agencies in assisting to repair the damage of the floods in 1964 in the Pacific Northwest, and inserted a series of resolutions of the Pacific Logging Congress relative to the disaster relief activities, recreation, and forest timber sales and timber appraisals. pp. 3396-9

7. WILD RIVERS. Sen. Church inserted a National Wildlife magazine article supporting enactment of legislation to preserve certain wild rivers in their natural state. p. 3400

8. PERSONNEL. Received from the President a report on operations of the Dual Compensation Act of 1964; to Post Office and Civil Service Committee. p. 3358

9. NOMINATION; PEACE CORPS. The Foreign Relations Committee reported the nomination of Jack Hood Vaughn to be Director of the Peace Corps. p. 3369

SENATE - Feb. 22

No items of interest.

HOUSE - Feb. 21

10. COTTON. The Agriculture Committee voted to report (but did not actually report) with amendment H. R. 12322, to enable cottongrowers to establish, finance, and carry out a coordinated program of research, and promotion to improve the competitive position of, and to expand markets for, cotton. pp. D113-14

11. FOOD FOR FREEDOM. Rep. Todd suggested an addition to the food-for-freedom bill for "financing programs emphasizing maternal, child health and nutrition, and family planning services, and research activities related to the problems of population growth." pp. 3321-2

12. FOREIGN TRADE. Rep. Chamberlain urged early consideration of pending legislation "to close our ports to those helping to supply North Vietnam." p. 3324

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250
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POSTAGE AND FEES PAID
U.S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
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89th-2nd; No. 32

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HIGHLIGHTS: House committee reported cotton research bill. Rep. Mackay commended Federal-State cooperation in soil and water conservation measures. Sens. Proxmire, Pearson, and Mundt criticized school milk budget cut. Sen. Nelson commended proposed community development districts program.

HOUSE

1. COTTON. The Agriculture Committee reported with amendments H. R. 12322, to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton (H. Rept. 1300). p. 3914

2. PERSONNEL. The Education and Labor Committee voted to report (but did not actually report) with amendment H. R. 10721, to amend the Federal Employees' Compensation Act to improve its benefits. p. D124

3. FOREIGN AID. Passed, 350 to 27, with amendments H. R. 12169, to authorize supplemental appropriations for the foreign aid program. pp. 3844-81

4. FOREIGN AGRICULTURE. Rep. Langen expressed opposition to the "plans by the United Nations to provide Cuba with...special funds for the University of Havana and an agricultural research station." p. 3895

5. CONSERVATION. Rep. Mackay commended the Federal, State, and local cooperation "which has made possible the soil surveys and other soil and water conservation measures" in Ga. p. 3843

6. MILK. Rep. Race criticized the "proposed slash of $82 million in the school milk program," inserted the text of a bill he intends to introduce to make permanent the school milk program, and inserted supporting letters. pp. 3883-4

7. WATER. Rep. Saylor commended and inserted a speech before the National Water Conference, "Water Management--Its Meaning." pp. 3888-89

8. FOREIGN TRADE. Rep. Ashbrook protested "doing business with foreign-flag vessels which are engaged in trade with North Vietnam." p. 3899

9. TRANSPORTATION. Rep. Whitener expressed concern over the "serious boxcar shortage" and urged an accelerated program of boxcar construction. p. 3908

10. NATURAL RESOURCES. Rep. Cohelan commended and inserted an editorial, "Retreat on Redwoods," which stated that the President's message on conservation "put forward an excellent program to combat water pollution...reaffirmed his support for...national parks and seashores" but his stand for the size of the proposed Redwood National Park "is a sharp disappointment." p. 3912

11. BUILDINGS. Received a GSA report of the status of construction, alteration, or acquisition of public buildings. p. 3914

12. LEGISLATIVE PROGRAM. Rep. Albert announced that on Wed. and the remainder of the week the Alaska Centennial bill and the cotton research and promotion bill will be considered. pp. 3889-90

13. ADJOURNED until Mon., Feb. 28. p. 3914

SENATE

14. FOREIGN AID. The Foreign Relations Committee reported without amendment H. R. 12563, to provide for U. S. participation in the Asian Development Bank (S. Rept. 1008). p. 3751

15. SCHOOL MILK. Sens. Proxmire, Pearson, and Mundt criticized the budget cut for the school milk program. pp. 3765-6, 3783, 3788-9

16. COMMUNITY DEVELOPMENT DISTRICTS. Sen. Nelson inserted a National Assoc. of Soil and Water Conservation Districts resolution endorsing the proposed Community Development District Act of 1966 to aid in rural development. p. 3787

89TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 1300

MARKETING ORDER FOR COTTON RESEARCH AND PROMOTION

FEBRUARY 24, 1966.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the following

REPORT

together with

OPPOSING VIEWS

[To accompany H.R. 12322]

The Committee on Agriculture, to whom was referred the bill (H.R. 12322) to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

The amendments are as follows:

Page 7, line 16, strike out "section" and insert "subsection".

Page 8, line 6, strike out "order;" and insert "order, including the designation of the handler responsible for collecting the producer assessment;".

Page 8, line 14, following the words "within a" insert "cotton-producing".

Page 9, beginning on line 14, strike out "Providing that each handler of cotton, as prescribed by the order," and insert in lieu thereof the following:

> Providing that the producer or other person for whom the cotton is being handled shall pay to the handler of cotton designated by the Cotton Board pursuant to regulations issued under the order and that such handler of cotton

Page 9, beginning on line 23, strike out the sentence beginning with the words "The initial rate * * *" and ending on page 10, line 4, with the words "section 8." and insert in lieu thereof the following:

> To facilitate the collection and payment of such assessments, the Cotton Board may designate different handlers or classes of handlers to recognize differences in marketing practices or procedures utilized in any State or area, except that no more than one such assessment shall be made on any bale of cotton. The rate of assessment prescribed by the initial order shall be $1 per bale of cotton handled, and such rate may not be changed except by further order duly approved by the Secretary on the basis of a hearing and subject to approval by cotton producers in a referendum pursuant to section 8.

Page 11, line 4, strike out "each" and insert "such".

Page 11, line 5, after the words "of all" insert "cotton-producing".

Page 12, line 14, strike out "the cotton produced." and insert "cotton produced by such producers."

Page 14, line 1, following the words "a form" insert "and within a time period".

Page 14, beginning on line 2, strike out the words "within thirty days" and the balance of the section, through line 15 on page 14, and insert

> , but in no event less than 90 days, and upon submission of proof satisfactory to the Board that the producer paid the assessment for which refund is sought, and any such refund shall be made within 60 days after demand therefor.

Page 14, line 19, following the word "order" insert "or any provision of such order".

Page 16, line 1, strike out "person" and insert "handler".

Page 16, line 3, strike out "pay" and insert "collect".

Page 16, line 14, following the word "based" insert "in addition to other available information".

Page 20, beginning on line 14, strike out "continental United States." and insert "50 States of the United States of America."

Page 20, following line 15, insert two new subsections as follows:

> (f) The term "cotton-producing State" means any State in which the average annual production of cotton during the five years 1960–1964 was twenty thousand bales or more, except that any State producing cotton whose production during such period was less than such amount shall under regulations prescribed by the Secretary be combined with another State or States producing cotton in such manner that such average annual production of such combination of States totaled twenty thousand bales or more, and the term "cotton-producing State" shall include any such combination of States.
>
> (g) The term "marketing" includes the sale of cotton or the pledging of cotton to the Commodity Credit Corporation as collateral for a price support loan.

GENERAL STATEMENT

The purpose of this is to authorize the establishment of a nationwide marketing order for cotton for the purpose of administering and financing augmented cotton product research and promotion. The legislation would provide a uniform method for all cotton producers, at their own election, to contribute $1 a bale to be used in urgently needed research and promotion work.

Greatly expanded research into the development of superior cotton products and promotion of these products in order to inform consumers of their superior qualities is necessary to meet the competition of synthetic fibers, if there is to continue to be a cotton industry in the United States.

Producers of synthetic fibers are now spending vast sums for research and promotion. The more expensive of these fibers, which are priced much higher than cotton, have—with expensive promotion—taken over a substantial part of the markets formerly held by cotton. These fibers taken as a group now enjoy almost one-fourth of the entire textile market of this country.

Research to improve cotton products and funds to explain cotton's advantages to consumers through advertising and sales promotion are badly needed, if we are to maintain cotton production at the levels which have been traditional for the past several years.

In providing the machinery for a beltwide $1 a bale contribution by farmers, to finance the program, the bill stipulates that the collection plan would not go into effect unless approved by two-thirds of cotton producers voting in a referendum or two-thirds of the production of farmers voting in the referendum.

Funds collected would be employed for research and promotion and could not be used to influence Government cotton price or production policies.

In addition to the referendum required before the program would become effective, and a provision for the program to be administered by a cotton-producer organization, other producer safeguards include: (1) a proviso that farmers who do not desire to participate may obtain refund of the money they have paid, and (2) if 10 percent of the farmers voting in the initial referendum petition the Secretary of Agriculture he must call for a new referendum to determine whether program will be continued. If a majority of the farmers oppose continuation, the program would expire. Before any substantial change may be made in the program originally voted upon, it must be approved by two-thirds of the farmers.

Further details of the need for the legislation and the type of research required will be found in the report from the Department of Agriculture recommending enactment of the bill, which appears later in this report.

HEARINGS

At the hearings on the bill, organizations representing producers in all the major cotton-producing States testified in favor of the legislation. It was also supported by spokesmen for other segments of the cotton industry and by the Department of Agriculture. Only the American Farm Bureau Federation and the Farmers Union appeared in opposition to the bill.

COMMITTEE AMENDMENTS

The amendments adopted by the committee embody virtually all of the amendments suggested at the hearing by producer groups and the Department of Agriculture. They are intended to clarify several provisions of the bill and to make the legislation conform more completely to the recommendations of cotton producers.

The amendment to section 7(a)(2), together with the second committee amendment in section 7(e), provides that the Cotton Board will designate the handlers responsible for collecting producer assessments and that the Board may designate a different handler or class of handlers in different States or areas, in order to conform with cotton marketing practices and procedures in such areas.

The committee amendments to section 11 (dealing with producer refunds) provide that a producer will have at least 90 days in which to apply for refund of a payment he has made and that the refund must be made to the producer within 60 days of the time he makes application for it. The committee amendment strikes out the requirement that the names of producers requesting refunds be made public. It also strikes out the provision that a producer who had demanded and received a refund would not be eligible to vote in future referendums on the marketing order.

The committee amendment to section 13(b) makes it clear that the civil action authorized in the bill for failure to remit to the Board the assessments provided in the order will apply only to handlers and not to producers.

The definition of a "cotton-producing State" which has been added to section 17 as subsection (f) not only clarifies the States which shall be considered in this category but also provides for representation on the Cotton Board and the producer organization of States which are very minor producers of cotton.

PROCEDURE UNDER THE BILL

1. Cotton producers or their organizations would propose issuance of a cotton research and promotion order.

2. If the Secretary determines that such a proposed order would effectuate the declared objectives of the act he would issue a notice and hold public hearings on the proposal.

3. After public hearings, if the Secretary determines on the basis of evidence introduced at the hearings that an order would carry out the objectives of the act, he would issue the order.

4. Such an order would then be submitted to a producer referendum. No order could become effective unless it is approved by at least two-thirds of the producers of cotton voting in the referendum either by number of those voting or by volume of production represented in the referendum.

5. If the order is approved in the referendum it would become effective.

6. A Cotton Board to administer the order would be appointed by the Secretary from nominations submitted by eligible producer organizations. Producer-organization eligibility would be determined on the basis of facts submitted to show that such organization's membership consists of cotton producers who produce a relatively significant volume of cotton.

7. The Cotton Board would enter into a contractual arrangement with a cotton-producer organization whose governing body consists of cotton producers selected by the cotton-producer organizations certified under the act in such manner that each cotton-producing State, to the extent practicable, will have representation in relation to the volume of cotton marketed from such State.

8. Such cotton-producer group will develop and submit annually to the Cotton Board a cotton research and promotion program, together with an estimated budget. Such a program and budget, after review by the Cotton Board, would be submitted by the Board to the Secretary with its recommendations.

9. The research and promotion program and the estimated budget would become effective only after approval by the Secretary.

10. After approval by the Secretary, the research and promotion program would be carried out by the cotton-producer organization.

11. The costs of such a research and promotion program would be paid from producer assessments collected by handlers specified by the Cotton Board. The handlers or classes of handlers would be designated by the Board to recognize the marketing practices and procedures existing in the various cotton-producing areas.

12. Any cotton producer who has paid any assessment collected under the authority of the order and not wishing to participate in the program could obtain a refund of such assessment upon application to the Cotton Board.

13. The order, or any provision thereof, would be terminated or suspended by the Secretary if he found that it did not effectuate the declared objectives of the act.

14. Ten percent by number of the cotton producers voting in the referendum establishing the order could request a referendum to determine whether cotton producers desired to suspend or terminate the order. If a majority of the cotton producers voting in any such referendum who produced more than 50 percent of the cotton produced by producers voting therein favored termination or suspension of the order, the Secretary would be required to terminate or suspend the order.

SECTION-BY-SECTION ANALYSIS OF H.R. 12322

The first section of the bill specifies its short title as the "Cotton Research and Promotion Act."

Section 2 contains legislative findings and declarations of policy. Findings are made that all cotton produced in the United States is subject to the Federal commerce powers; that new or improved markets and uses are vital to cotton producers and others in the cotton industry as well as to the general economy of the Nation; that U.S.-grown cotton is confronted with intensive competition from foreign grown cotton and from manmade fibers arising largely from extensive promotional efforts for such fibers; and that a national program for cotton research and promotion is necessary to further protect and expand commerce in cotton.

A finding also is made that the Congress heretofore has exercised its regulatory powers so as to adjust the supply of cotton to demand and that it is necessary to supplement that regulation with a means of increasing the demand for cotton so as to reduce or eliminate the need for restricting marketings and for supporting the price of cotton.

Section 2 then declares it to be the policy of Congress, in the public interest, through the exercise of the powers conferred by the bill, to provide for an effective program of research and promotion designed to improve cotton's competitive position and improve markets and uses for U.S. cotton and to finance such program through assessments on all cotton harvested in the United States.

Sections 3, 4, and 5 of the bill provide for the issuance of orders applicable to handlers of cotton after notice and hearing and a finding by the Secretary, based on evidence introduced at such hearing, that the issuance of such order and all of its terms and conditions will tend to effectuate the declared policy of the act.

The substantive terms and provisions of such orders are provided for in sections 6 and 7 of the bill.

Section 6 covers permissive terms in orders and provides that they shall contain one or more of four specified terms and conditions and, except as provided in section 7, no others. Section 6(a) authorizes appropriate plans or projects for the advertising and sales promotion of cotton and its products and disbursing necessary funds for such purposes. Any such plan or project must be directed toward increasing the general demand for cotton or its products and may not refer to private brands or trade names if the Secretary determines that such reference will discriminate unduly against the cotton products of other persons. Further, such programs shall not use false or unwarranted claims in behalf of cotton or false or unwarranted statements concerning any competing product.

Section 6(b) authorizes provisions in orders for research and development projects with respect to the production, ginning, processing, distribution, or utilization of cotton and its products and for the disbursement of necessary funds for such purposes.

Section 6(c) authorizes order provisions for the maintenance by handlers of books and records and for making them available to the Cotton Board and to the Secretary in connection with the administration and enforcement of the program. Such information is to be confidential except as otherwise provided in section 6(c).

Section 6(d) provides general authority to include in orders, terms and conditions which are incidental to and not inconsistent with the terms and conditions expressly specified in the act and necessary to effectuate other provisions of such order.

Section 7 of the bill specifies terms that will be required to be included in orders. Such required terms are as follows:

Section 7(a) requires that an order provide for a Cotton Board to be established and selected by the Secretary which shall have only the powers (1) to administer such order in accordance with its terms and provisions; (2) to make rules and regulations to effectuate the terms and provisions of such order, including the designation of the handler responsible for collecting assessments; (3) to receive, investigate, and report to the Secretary complaints of violations of such order; and (4) to recommend to the Secretary amendments to such order.

Section 7(b) directs that such Cotton Board be composed of representatives of cotton producers, to be selected by the Secretary from nominations submitted by producer organizations within cotton-producing States, as certified pursuant to section 14 of the bill, or if the Secretary determines that such producer organizations do not adequately represent producers in the State, from nominations made by producers as otherwise specified by the Secretary. The producer

representation on the Cotton Board for each cotton-producing State shall, insofar as possible, reflect the proportion of that State's marketings of cotton to total marketings of cotton in the United States, with at least one member for each cotton-producing State. (See sec. 17(f) definition.)

Section 7(c) provides that the Cotton Board shall, subject to the provisions of section 7(g), develop and submit to the Secretary for approval any advertising sales promotion or research and development plans or projects, which plans or projects must be approved by the Secretary before becoming effective.

Section 7(d) provides that the Cotton Board shall, subject to the provisions of section 7(g), submit to the Secretary for his approval on a fiscal year basis budgets of anticipated expenses and disbursements of the Board in administering the order, including estimated costs of such projects.

Section 7(e) provides that the producer or other person for whom cotton is handled shall pay to the handler of cotton, designated by the Cotton Board, and such handler shall collect and shall pay to the Cotton Board, on the basis of bales of cotton handled, assessments as prescribed by the order for expenses and expenditures found by the Secretary to be reasonable and likely to be incurred by the Cotton Board under the order. It also provides the Cotton Board can designate different handlers or classes thereof to recognize differences in marketing practices and procedures in any State or area. It further provides that the initial rate of assessment under the order shall be $1 per bale of cotton handled, which rate cannot be changed except by amendment of the order approved by the Secretary and by cotton producers in a referendum. Provision also is made that the Secretary may maintain suits against any persons subject to the order for the collection of such assessments, and jurisdiction is vested in the district courts of the United States to entertain such suits.

Section 7(f) provides for accounting by the Cotton Board for all funds entrusted to it and for the maintenance of appropriate books and records and the submission of reports by it to the Secretary.

Section 7(g) provides that the order shall require the Cotton Board, with the approval of the Secretary, to enter into contracts or agreements to develop and carry out activities authorized under sections 6(a) and 6(b), and for the payment of the costs thereof with funds collected pursuant to the order. Such contracts or agreements must be made with an organization or association governed by cotton producers selected by the cotton-producer organizations to be certified under section 14 of the bill, with mandatory provision for appropriate representation by cotton-producing States, depending upon volumes of cotton marketed, subject to adjustments to reflect lack of participation in the program because of refunds under section 11 of the bill.

Section 7(g) further specifies that any such contract or agreement must provide that the contracting organization or association is to develop and submit each year, to the Cotton Board for its review and recommendation to the Secretary, a program of research, advertising, and promotion projects together with an estimated budget for such projects, and that such projects shall be effective upon approval by the Secretary. Any such contract or agreement must also provide that the contracting organization maintain adequate records and make annual reports to the Cotton Board concerning activities and

accounting for funds received and expended and such other reports as the Secretary may require.

Under section 7(h) no funds collected by the Cotton Board may be used to influence Government policy or action, except only for the purpose of enabling the Board to make appropriate recommendations to the Secretary for amendment of the order.

Section 8 of the bill provides that no such order shall be effective unless the Secretary determines that its issuance is approved by at least two-thirds of the producers of cotton voting in a referendum, either by number of those voting or by volume of production represented in the referendum.

Section 9 provides for termination or suspension of an order or any provision thereof if the Secretary finds that the order or any such provision obstructs or does not tend to effectuate the declared policy of the act. It also provides for termination or suspension of the entire order upon a finding, after referendum, that a majority of cotton producers voting in a referendum, who produced more than 50 percent of the cotton of producers voting therein, favor termination or suspension of the order.

Section 10 provides that the requirements of the act applicable to orders shall be applicable to amendments to orders.

Section 11 provides that any cotton producer who has paid an assessment under an order may demand and receive from the Cotton Board a refund of such assessment, provided that demand therefor is personally made by the producer on a prescribed form and in accordance with regulations within a time prescribed by the Board and approved by the Secretary not less than 90 days from date of payment, and upon proof satisfactory to the Board that the assessment has been paid a refund will be made within 60 days.

Section 12(a) provides that any person subject to an order may file a written petition with the Secretary contesting any order, provision of an order, or any obligation imposed thereunder as not in accordance with law, and praying for modification or exemption therefrom. After hearing in accordance with regulations, the Secretary is to rule on the petition and such ruling is to be final, if in accordance with law.

Section 12(b) provides for appeal from the Secretary's ruling to a U.S. district court, provided appeal is taken within 20 days from the date of the entry of such ruling. If the court finds that the Secretary's ruling is not in accordance with law, it shall remand to the Secretary with instructions, or direct further proceedings. The pendency of such review proceedings before the Secretary is not to interfere with enforcement under section 13(a) of the bill.

Section 13 deals with enforcement by civil actions. Paragraph (a) vests the district courts of the United States with jurisdiction to enjoin violations and to order specific performance of an order or regulation. Paragraph (b) provides for a civil penalty of not more than $1,000 against any handler for willful violation of the order or willful failure or refusal to collect or remit any assessment or fee due under an order.

Section 14 specifies the terms of eligibility to be met by cotton-producer organizations in each cotton-producing State for purposes of requesting issuance of an order and submission of nominations for membership on the Cotton Board. Each such organization would be required to submit to the Secretary a factual report specifying certain information. The Secretary would certify organizations which he

finds on the basis of all information available meet the requirements of the section; such determination as to eligibility being final.

Section 15 authorizes the Secretary to make such regulations, with the force and effect of law, as may be necessary to carry out the act and the powers vested in him by the act.

Section 16 authorizes investigations by the Secretary to carry out his responsibilities under the act or to determine whether the act is being violated or about to be violated. In connection with such investigation, the Secretary would be empowered to administer oaths, subpena witnesses, and require the production of documentary evidence relevant to the inquiry. The section also provides for enforcement of subpenas by district courts and specifies that no person may refuse to testify on grounds of self-incrimination, but no individual may be prosecuted with respect to any matter concerning which he is compelled to testify or produce evidence, after claiming privilege of self-incrimination, except for perjury committed in so testifying.

Section 17 defines the terms "Secretary," "person," "cotton," "handler," "United States," "cotton-producing State," and "marketing."

Section 18 is the usual separability clause providing that if any provision of the act or its particular application is held invalid, the validities of the remainder of the act and its application to other persons and circumstances shall not be affected thereby.

Section 19 authorizes appropriations necessary to administer the act, but expressly provides that such appropriated funds shall not be available to pay the expenses or expenditures of the Cotton Board in administering an order.

Section 20 provides for an effective date upon enactment of the bill.

DEPARTMENTAL APPROVAL

Following is the letter from the Acting Secretary of Agriculture recommending enactment of H.R. 12322 with amendments, which have been adopted by the committee:

FEBRUARY 7, 1966.

Hon. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR MR. CHAIRMAN: This is in reply to your request for a report on, and a section-by-section analysis of, H.R. 12322, a bill to enable cottongrowers to establish, finance and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

The Department supports the bill and recommends that it be passed. There are several provisions of the bill, however, which merit special attention by the committee. These will be discussed later in this report.

The need for this legislation is ably stated in the legislative findings set forth in section 2. This need is underscored by the high and rising costs of Government cotton programs, the recent rapid increase in carryover, and the continued decline in cotton's share of the fiber market. The expanded research and promotion programs provided by the bill, if carefully conceived and responsibly carried out with complete and close coordination with existing Federal and State pro-

grams, should make a desirable contribution toward increasing the markets for cotton.

The following are some of the facts concerning the problem to which the bill is addressed:

Realized losses incurred by Commodity Credit Corporation on upland cotton price support and related programs and expenditures under direct payment programs have totaled $3,006 million during the past 10 years—ranging from $62 million in 1956 to $601 million in 1965. In addition, losses on loan and owned inventories as of June 30, 1965, were estimated at $541 million. These losses and expenditures do not include administrative costs or costs incurred in operation of the Public Law 480 programs that have accounted for substantial volumes of cotton exports. In spite of these expenditures, the carryover of cotton has mounted steadily since 1961, reaching a near record high of 14 million bales in 1965, and a projection of about 16 million bales in 1966.

Cotton has been confronted with strong competition from manmade fibers in domestic outlets for the past 2 to 3 decades, but within the last 5 to 10 years the competition has become increasingly stronger.

Annual consumption of all fibers in the United States has increased from 6.7 in 1955 to 8.4 billion pounds in 1965. In contrast, total consumption of cotton has held fairly steady at about 4.4 in 1955 to 4.5 billion pounds in 1965. Manmade fibers have accounted for the increased consumption of all fibers in recent years. In the mid-1950's, about 2 billion pounds of manmade fibers were consumed annually, compared to about 3.6 billion pounds in 1965.

For the three decades, from 1930 to 1960, the cotton share of the total U.S. fiber market dropped from about 85 percent to 65 percent. Since 1960, cotton's share has declined at a much greater rate, dropping to 53 percent in 1965. In contrast, the manmade fiber share of the U.S. fiber market increased from 3.9 percent in 1930 to 29 percent in 1960, to 41 percent in 1964, and to 42.5 percent in 1965.

Per capita consumption of cotton has declined from about 26.5 pounds in 1955 to 23 pounds in 1965; whereas, per capita consumption of manmade fibers increased from 11.5 pounds in 1955 to 18.3 pounds in 1965.

Comparisons of production data also illustrate the growing competition confronting U.S. cotton. From the mid-1950's to the mid-1960's, production of manmade fibers doubled from an equivalent of about 5 million to 10 million bales of cotton. Noncellulosic fibers have accounted for most of this increase, rising from less than 1.7 million bales in 1955 (cotton equivalent) to 6 million bales in 1964. Plant expansions now underway will increase capacity by another 2 million bales within the next 12 months, and industry reports indicate that noncellulosic production will probably double within the next 5 years.

Rayon production in cotton equivalents has remained fairly stable at about 4 million bales for the past several years, although the cost of cotton to mills has been greater than the cost of rayon. In contrast, many of the noncellulosic man-mades, which are rapidly claiming uses previously held by cotton, sell for two to three times more than cotton. Clearly, noncellulosics have been winning markets from cotton on the basis of some advantage other than price per pound.

In contrast to the hundreds of thousands of cotton producers, U.S. production of noncellulosic manmade fibers is highly concentrated in a few firms. The eight largest firms account for about

90 percent of total output of the major types of noncellulosic fibers. This concentration of production in a few firms facilitates the financing by noncellulosic producers of research for specific fibers and the promotion of their use, and hence contributes to the substantial gains noncellulosic fibers have made in uses previously held by cotton.

It has been estimated that all U.S. producers of noncellulosic fibers will spend about $135 million in 1965 on research and development. It is estimated also that another $70 million will be spent for sales promotion. Thus, manufacturers of noncellulosic fibers will spend over $200 million for developing and promoting their product. By comparison, this expenditure is about seven times greater than the combined public and private outlays for development and promotion of cotton in 1965.

Attached is the requested section-by-section analysis of the bill; however, its important provisions may be summarized as follows:

H.R. 12322 provides enabling legislation for a program of advertising and trade promotion and research and development to promote the sale and use of domestic cotton, with direct costs to be financed by producer assessments. This is to be done through "cotton research and promotion orders," to be issued by the Secretary after notice and hearing and following approval by two-thirds of cotton producers participating in a referendum, by number or by volume of production.

The orders would contain one or more of four permissive provisions; i.e., (1) for advertising and sales promotion projects, (2) for research and development projects, (3) for handler reporting and record-keeping, and (4) for incidental terms and conditions needed to effectuate other provisions of the order. However, any such advertising and promotion projects would be limited to improving the general demand for cotton or its products. No reference to private brand may be made if the Secretary determines undue discrimination would result, and false or unwarranted claims or statements may not be used on behalf of cotton or cotton products or in derogation of competing products.

Each order would also contain certain required terms. The order must provide for a Cotton Board with authority to administer the order, issue implementing regulations, report violations, and recommend other amendments. Such Board must be composed of producer representatives from each cotton State, with proportionate representation reflecting relative importance of each State in cotton marketings. Representatives from each State are to be selected from nominations made by producer organizations to be certified by the Secretary for each State, but nominations may otherwise be made if the Secretary determines that certified organizations do not adequately represent producers of the State.

The Board also must develop and submit to the Secretary for approval, all plans and projects for advertising, promotion, research, or development, as well as budgets covering all anticipated costs and expenses. However, as written, this would be subject to a further requirement that such plans and budgets must originate with an exclusive contracting organization which would, in fact, develop and carry out all such plans and projects.

Under section 7(g), the Cotton Board, with the Secretary's approval, must enter into exclusive contracts with an organization or association controlled by producer representatives selected by State producer

organizations certified by the Secretary under section 14 for the carrying out of all advertising, promotion, and research and development projects. Under such contract, such organization also must annually develop project programs and budgets and submit them to the Board for its review and recommendation to the Secretary, such projects to be effective upon approval by the Secretary.

The order also must provide that prescribed handlers of cotton shall collect assessments from producers and pay them over to the Board. Such assessments are to meet anticipated expenses of the Board, including program disbursements. The initial rate in an order is to be $1 per bale and such rate is not to be changed except by an amendment of the order recommended by the Cotton Board, approved by the Secretary, and approved by producer referendum.

The order also must require records, reports, and accounting by the Cotton Board with respect to all funds it handles.

Despite the provision for mandatory assessments against producers, section 11 provides for refunds thereof by the Cotton Board to individual producers, who personally must make written request for such refund within 30 days after payment by them, upon prescribed forms and supported by statements in writing from the handlers to whom the assessment was paid. Producers requesting refund are to be ineligible to vote in subsequent referendums until all refunds are repaid or the Board, by regulation, waives repayment.

Section 14 specifies the procedure and criteria for the Secretary's certification of producer organizations in each State for purposes of nominations for membership on the Cotton Board and selection of the governing body of the exclusive contracting organization which is actually to develop and carry out the promotion and research projects and spend the money therefor.

The bill also provides for statutory review of the lawfulness of orders or obligations thereunder, civil and criminal enforcement, the issuance of regulations by the Secretary, and power to conduct investigations, issue subpenas, etc.

The Department favors the enactment of the bill, but wishes to suggest several desirable modifications that merit consideration by the committee. These are:

1. Section 7(e) appears to place the primary obligation to pay assessments on individual producers, with collection to be made by handlers for turnover to the Cotton Board. It also provides for suits by the Secretary to enforce collection of such assessments.

This section is susceptible to the construction that a handler's obligation to pay assessments is conditioned upon his ability to collect from producers. If this is so, then any enforcement action to collect assessments, where the handler has failed to collect from a producer, would have to be taken against the producer. This could result in numerous lawsuits against individual producers for the collection of relatively small amounts of money. Any such attempts to enforce collection from producers may be further complicated by the fact that the amounts so collected from producers would be subject to immediate refund under section 11.

It is our understanding that the intention of section 7(e) is to require handlers to pay assessments, irrespective of whether they collect such assessments from producers. If our understanding is correct, the committee may wish to clarify section 7(e) by placing unequivocally on handlers the primary obligation to pay assessments, as is done in

marketing orders under the Agricultural Marketing Agreement Act of 1937, after which the bill is patterned. This could be coupled by a direction to handlers that they reimburse themselves by collections from producers or other persons for whom the cotton is handled.

This method of handling assessments has not proven to be too burdensome on handlers under our fruit and vegetable marketing orders. Those handlers have been able to reimburse themselves through contractual arrangements with producers. It is assumed that handlers of cotton will be able to adopt a similar approach.

Section 7(e) also provides that the initial assessment rate of $1 per bale shall not be changed except by an amendment to the order "recommended by the Cotton Board." Other amendments to the order can be proposed by any interested person, including the Secretary. Conceivably, important producer or other industry groups may wish to propose revisions of the assessment rate and the Secretary may find reason to believe that the proposed revisions may tend to effectuate the policy of the act. Yet a hearing on the proposals could be blocked by the failure or refusal of the Cotton Board to recommend the revisions.

While the rate of assessment is important, there may be included in an order other provisions of equal importance. We are unable to ascertain a justifiable reason why the procedure for amending the assessment provision should differ from that applicable to other amendments. We, therefore, suggest the desirability of amending the bill to remove this difference in treatment.

If the committee should desire to modify section 7(e), this could be done by substituting the following in the place of the first two sentences of section 7(e) (p. 9, lines 14–24, and p. 10, lines 1–4):

"(e) Providing, that each handler of cotton, as prescribed by the order, shall pay to the Cotton Board such handler's pro rata share, on the basis of bales of cotton handled, including cotton of his own production, of such expenses and expenditures, including provision for a reasonable reserve, as the Secretary finds are reasonable and likely to be incurred by the Cotton Board under the order, during any period specified by him; such rate of assessment shall be fixed by the Secretary in the order. The initial rate of assessment under an order shall be one dollar per bale of cotton handled, and such rate may not be changed except by amendment of the order duly approved by the Secretary on the basis of a hearing and subject to approval by cotton producers in a referendum pursuant to section 8. The order also shall provide that handlers who pay such assessments shall collect such amounts from the producer or other person from whom or on whose behalf the cotton was acquired or handled. * * *"

2. A technical amendment of section 12(a) also may be desirable. As the section is now written, a petition for review addressed to alleged unlawfulness of an order is limited to the entire order, but would not extend to review of a particular provision of an order. We suggest that the phrase "or any provision of such order" be inserted after "any such order" in the first sentence (p. 14, lines 18–19). As so modified, this section would conform more closely to section 8c(15)(A) of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 608c(15)(A)).

3. In section 14 dealing with certification of cotton-producer organizations by the Secretary it may be desirable to permit the Secretary to use information otherwise available to him outside the

report in evaluating the qualifications of the applicant. Thus records of the Department may contain valuable data pertinent to such determination. It is therefore suggested that the words "in addition to other available information," be inserted immediately after the word "based" in the first sentence of section 14 (p. 16 line 14).

Enactment of this proposed legislation would require an initial estimated cost of $400,000 for referendum hearings and related items and a recurring annual cost of approximately $50,000 for Federal administration associated with the program.

The Bureau of the Budget has advised that time considerations have not permitted the determination as to the relationship of this bill to the administration's program.

Sincerely yours,

JOHN A. SCHNITTKER,
Acting Secretary.

OPPOSING VIEWS OF REPRESENTATIVE PAUL FINDLEY

A "14(B)" STYLE COTTON PROGRAM

H.R. 12322 is unique. It is opposed by two of the largest farm organizations. The Farm Bureau and the Farmers Union agree on this one. They both say "No," recognizing that this proposal is no solution to the vexing problems in the land of cotton.

It would sanction a referendum to compel cotton farmers to pay assessments amounting to $1 a bale (perhaps more later) to finance cotton promotion and research. A few big farmers could force the assessment on all farmers—even those in the poverty class. Theoretically, farmers could get refunds, but the refund route is admittedly so circuitous it would discourage all but the most persevering.

It would authorize a special Cotton Board to receive and disburse the checkoff money. Whether the Board would be fish or fowl is not clear. Proponents of the legislation insist that the Board and the money it handles would be nongovernmental, but curiously the U.S. Secretary of Agriculture would sit on top of the whole heap, appoint all members of the Board and approve—or reject—each and every activity, even to an item veto over spending plans and expenditures.

The best guess is that the U.S. Department of Agriculture field offices and personnel would be utilized—at taxpayer expense—at least to the extent of handling refund paperwork. In any case the departmental report which accompanied the legislation estimated the taxpayers will need to provide about $50,000 a year for "administrative" expense, in addition to $400,000 for the initial referendum.

It thus appears likely that this will be one of the most governmental nongovernmental activities on record.

The central question—Should the Federal Government sanction a scheme to force cotton farmers to pay assessments for cotton promotion?—resembles closely the question of compulsory union membership considered last year by the House of Representatives. Those who voted against repeal of section 14(b) of the Taft-Hartley law, it would seem, will find this proposal unacceptable for the same reasons. But will they? The countdown may be interesting. When the vote is recorded, I look forward to a long evening trying to reconcile, last year's vote tally on 14(b) repeal and this year's upcoming tally on the "14(b)" style cotton program.

Another question which deserves attention: Is it in the public interest to establish the precedent of placing the Secretary of Agriculture in charge of a program under which millions of dollars are passed out, on a selective basis, to buy TV and radio time, newspaper and magazine space, and—who knows—perhaps even a few discreetly located billboards?

This responsibility could lead to tribulations without end, as, for example, the Secretary is forced to choose between a spot on the Johnny Carson show or a choice location near Drew Pearson's column. Think of the panic ahead in the White House if the Secre-

tary finds it impossible to stretch the checkoff dollars far enough to cover simultaneously a saturation sales pitch on men's sweatshirts and one of the virtues of 100-percent cotton underwear for milady. To choose? Aye, there's the rub (and I speak not of Cannon towels). Will it be Time, Newsweek, or U.S. News? Issues of smaller moment have caused governments to topple. Remember, for want of a nail a kingdom was lost. And who can foretell? A misdirected checkoff dollar might have a Texas-sized impact on a popularity poll?

The dangers ahead are incalculable. Cotton is but one of more than 200 farm commodities, each competing with the others for the consumer's dollar. Will the Secretary of Agriculture one day be directing national sales promotions for 200 different commodities; or will he bear down in behalf of just one—cotton—to the exclusion of others?

And what will be the effect on privately financed sales promotions? Is this the first step in an ever-increasing role for Government in direct advertising?

Someone suggests that the industry-controlled Cotton Council could be the unseen guiding spirit giving professional direction to this program. The thought is not entirely comforting. The Cotton Council was one of the sponsors of the ill-fated, costly, and ineffective "one price" cotton program of 1964. It might be hard for the council to keep separate its legislative and product promotions.

Advertising is a great thing, provided it's handled privately and financed on a voluntary basis.

One of the best examples is the voluntary checkoff which helps to finance meat promotion carried on by the National Livestock and Meat Board. It's entirely nongovernmental and noncompulsory. More than 60 percent of farmers cooperate. Handlers and processors chip in too.

I see no reason why a similar arrangement cannot work for cotton. On the other hand, I can see many reasons why a Government-directed promotion scheme financed by compulsory checkoffs, as provided in H.R. 12322, should be rejected.

PAUL FINDLEY.

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Union Calendar No. 551

89TH CONGRESS
2D SESSION

H. R. 12322

[Report No. 1300]

IN THE HOUSE OF REPRESENTATIVES

JANUARY 26, 1966

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

FEBRUARY 24, 1966

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be known as the Cotton Research and Promotion Act.

LEGISLATIVE FINDINGS AND DECLARATION OF POLICY

SEC. 2. Cotton is the basic natural fiber of the Nation. It is produced by many individual cottongrowers throughout the various cotton-producing States of the Nation. Cotton

moves in large part in the channels of interstate and foreign commerce and such cotton which does not move in such channels directly burdens or affects interstate commerce in cotton and cotton products. All cotton produced in the United States is in the current of interstate or foreign commerce or directly burdens, obstructs, or affects interstate or foreign commerce in cotton and cotton products. The efficient production of cotton and the maintenance and expansion of existing markets and the development of new or improved markets and uses is vital to the welfare of cotton-growers and those concerned with marketing, using, and processing cotton as well as the general economy of the Nation. In the years since World War II, United States cotton and the products thereof have been confronted with intensive competition, both at home and abroad, from foreign-grown cotton and from other fibers, primarily man-made fibers. The great inroads on the market and uses for United States cotton which have been made by manmade fibers have been largely the result of extensive research and promotion which have not been effectively matched by cotton research and promotion. The production and marketing of cotton by numerous individual farmers have prevented the development and carrying out of adequate and coordinated programs of research and promotion necessary to the maintenance and improvement of the competitive

position of, and markets for, cotton. Without an effective and coordinated method for assuring cooperative and collective action in providing for, and financing such programs, individual cotton farmers are unable adequately to provide or obtain the research and promotion necessary to maintain and improve markets for cotton.

It has long been found to be in the public interest to have, or endeavor to have, a reasonable balance between the supply of and demand for cotton grown in this country. To serve this public interest the Congress has provided for the comprehensive exercise of regulatory authority in regulating the handling of such cotton supplemented by price-support programs with the objective of adjusting supply to demand in the interest of benefiting producers and all others concerned with the production and handling of cotton as well as the general economy of the country. In order for the objective of such programs to be effectuated to the fullest degree, it is necessary that the existing regulation of marketing be supplemented by providing as part of the overall governmental program for effectuating this objective, means of increasing the demand for cotton with the view of eventually reducing or eliminating the need for limiting marketings and supporting the price of cotton.

It is therefore declared to be the policy of the Congress and the purpose of this Act that it is essential in the public

interest through the exercise of the powers provided herein, to authorize and enable the establishment of an orderly procedure for the development, financing through adequate assessments on all cotton harvested in the United States, and carrying out an effective and continuous coordinated program of research and promotion designed to strengthen cotton's competitive position and to maintain and expand domestic and foreign markets and uses for United States cotton.

COTTON RESEARCH AND PROMOTION ORDERS

SEC. 3. To effectuate the declared policy of this Act, the Secretary shall, subject to the provisions of this Act, issue and from time to time amend, orders applicable to persons engaged in the harvesting, marketing, ginning, or other handling of cotton, hereinafter referred to as handlers. Such orders shall be applicable to all production or marketing areas, or both, in the United States.

NOTICE AND HEARING

SEC. 4. Whenever the Secretary has reason to believe that the issuance of an order will tend to effectuate the declared policy of this Act, he shall give due notice and opportunity for a hearing upon a proposed order. Such hearing may be requested and a proposal for an order submitted by any cotton producer organization certified pursuant to section 14 of this Act or by any other interested

person or persons, including the Secretary. The consideration and formulation of the terms of any such proposed order for submittal to the Secretary or the carrying out or compliance with any provision of this Act or any order or regulation issued pursuant thereto shall not be held to be in violation of any of the antitrust laws of the United States and shall be deemed to be lawful.

FINDING AND ISSUANCE OF AN ORDER

SEC. 5. After notice and opportunity for hearing as provided in section 4, the Secretary shall issue an order if he finds, and sets forth in such order, upon the evidence introduced at such hearing, that the issuance of such order and all the terms and conditions thereof will tend to effectuate the declared policy of this Act.

PERMISSIVE TERMS IN ORDERS

SEC. 6. Orders issued pursuant to this Act shall contain one or more of the following terms and conditions, and except as provided in section 7, no others.

(a) Providing for the establishment, issuance, effectuation, and administration of appropriate plans or projects for the advertising and sales promotion of cotton and its products and for the disbursement of necessary funds for such purposes: *Provided, however,* That any such plan or project shall be directed toward increasing the general demand for cotton or its products but no reference to a private brand or

trade name shall be made if the Secretary determines that such reference will result in undue discrimination against the cotton products of other persons: *And provided further,* That no such advertising or sales promotion programs shall make use of false or unwarranted claims in behalf of cotton or its products or false or unwarranted statements with respect to the quality, value, or use of any competing product.

(b) Providing for establishing and carrying on research and development projects and studies with respect to the production, ginning, processing, distribution, or utilization of cotton and its products, to the end that the marketing and utilization of cotton may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(c) Providing that handlers or any class of handlers maintain and make available for inspection such books and records as may be required by the order and for the filing of reports by such handlers at the times, in the manner, and having the content prescribed by the order, to the end that information and data shall be made available to the Cotton Board and to the Secretary which is appropriate or necessary to the effectuation, administration, or enforcement of the Act or of any order or regulation issued pursuant to this Act: *Provided, however,* That all information so obtained shall

be kept confidential by all officers and employees of the Department of Agriculture and of the Cotton Board, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or upon the request, of the Secretary of Agriculture, or to which he or any officer of the United States is a party, and involving the order with reference to which the information so to be disclosed was furnished or acquired. Nothing in this section shall be deemed to prohibit (1) the issuance of general statements based upon the reports of a number of handlers subject to an order, which statements do not identify the information furnished by any person, or (2) the publication by direction of the Secretary, of the name of any person violating any order, together with a statement of the particular provisions of the order violated by such person. Any such officer or employee violating the provisions of this ~~section~~ *subsection* shall upon conviction be subject to a fine of not more than $1,000 or to imprisonment for not more than one year, or to both, and shall be removed from office.

(d) Terms and conditions incidental to and not inconsistent with the terms and conditions specified in this Act and necessary to effectuate the other provisions of such order.

REQUIRED TERMS IN ORDERS

SEC. 7. Orders issued pursuant to this Act shall contain the following terms and conditions:

(a) Providing for the establishment and selection by the Secretary, of a Cotton Board, and defining its powers and duties, which shall include only the powers:

(1) To administer such order in accordance with its terms and provisions;

(2) To make rules and regulations to effectuate the terms and provisions of such ~~order~~ *order, including the designation of the handler responsible for collecting the producer assessment*;

(3) To receive, investigate, and report to the Secretary complaints of violations of such order; and

(4) To recommend to the Secretary amendments to such order.

(b) Providing that the Cotton Board shall be composed of representatives of cotton producers selected by the Secretary from nominations submitted by eligible producer organizations within a *cotton-producing* State, as certified pursuant to section 14 of this Act, or, if the Secretary determines that a substantial number of producers are not members of or their interests are not represented by any such eligible producer organizations, from nominations made by producers in the manner authorized by the Secretary,

so that the representation of cotton producers on the Board for each cotton-producing State shall reflect, to the extent practicable, the proportion which that State's marketings of cotton bears to the total marketings of cotton in the United States: *Provided, however,* That each cotton-producing State shall be entitled to at least one representative on the Cotton Board.

(c) Providing that the Cotton Board shall, subject to the provisions of subsection (g) of this section, develop and submit to the Secretary for his approval any advertising or sales promotion or research and development plans or projects, and that any such plan or project must be approved by the Secretary before becoming effective.

(d) Providing that the Cotton Board shall, subject to the provisions of subsection (g) of this section, submit to the Secretary for his approval, budgets on a fiscal period basis of its anticipated expenses and disbursements in the administration of the order, including probable costs of advertising and promotion and research and development projects.

(e) ~~Providing that each handler of cotton, as prescribed by the order,~~ *Providing that the producer or other person for whom the cotton is being handled shall pay to the handler of cotton designated by the Cotton Board pursuant*

to regulations issued under the order and that such handler of cotton shall collect from the producer or other person for whom the cotton, including cotton owned by the handler, is being handled, and shall pay to the Cotton Board, an assessment prescribed by the order, on the basis of bales of cotton handled, for such expenses and expenditures, including provision for a reasonable reserve, as the Secretary finds are reasonable and likely to be incurred by the Cotton Board under the order, during any period specified by him. ~~The initial rate of assessment prescribed by the order shall be $1 per bale of cotton handled, and such rate may not be changed except by amendment of the order, recommended by the Cotton Board, approved by the Secretary, and adopted by cotton producers in a referendum pursuant to section 8.~~ *To facilitate the collection and payment of such assessments, the Cotton Board may designate different handlers or classes of handlers to recognize differences in marketing practices or procedures utilized in any State or area, except that no more than one such assessment shall be made on any bale of cotton. The rate of assessment prescribed by the initial order shall be $1 per bale of cotton handled, and such rate may not be changed except by further order duly approved by the Secretary on the basis of a hearing and subject to approval by cotton producers in a referendum pursuant to section 8.* The Secretary may maintain a suit

against any person subject to the order for the collection of such assessment, and the several district courts of the United States are hereby vested with jurisdiction to entertain such suits regardless of the amount in controversy: *Provided*, That the remedies provided in this section shall be in addition to, and not exclusive of, the remedies provided for elsewhere in this Act or now or hereafter existing at law or in equity.

(f) Providing that the Cotton Board shall maintain such books and records and prepare and submit such reports from time to time, to the Secretary as he may prescribe, and for appropriate accounting by the Cotton Board with respect to the receipt and disbursement of all funds entrusted to it.

(g) Providing that the Cotton Board, with the approval of the Secretary, shall enter into contracts or agreements for the development and carrying out of the activities authorized under the order pursuant to sections 6 (a) and (b), and for the payment of the costs thereof with funds collected pursuant to the order, with an organization or association whose governing body consists of cotton producers selected by the cotton producer organizations certified by the Secretary under section 14, in such manner that the producers of each cotton-producing State will, to the extent practicable, have representation on the governing body of such organization in the proportion that the cotton marketed by the producers of ~~each~~ *such* State bears to the total cotton marketed by the pro-

ducers of all *cotton-producing* States, subject to adjustments to reflect lack of participation in the program by reason of refunds under section 11. Any such contract or agreement shall provide that such contracting organization or association shall develop and submit annually to the Cotton Board, for the purpose of review and making recommendations to the Secretary, a program of research, advertising, and sales promotion projects, together with a budget, or budgets, which shall show the estimated cost to be incurred for such projects, and that any such projects shall become effective upon approval by the Secretary. Any such contract or agreement shall also provide that the contracting organization shall keep accurate records of all its transactions and make an annual report to the Cotton Board of activities carried out and an accounting for funds received and expended, and such other reports as the Secretary may require.

(h) Providing that no funds collected by the Cotton Board under the order shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsection (a) (4) of this section.

REQUIREMENT OF REFERENDUM AND COTTON PRODUCER APPROVAL

SEC. 8. The Secretary shall conduct a referendum among cotton producers for the purpose of ascertaining whether the issuance of an order is approved or favored by producers.

No order issued pusuant to this Act shall be effective unless the Secretary determines that the issuance of such order is approved or favored by not less than two-thirds of the cotton producers voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production of cotton, or by cotton producers voting in the referendum who, during such representative period, have produced at least two-thirds of the volume of ~~the cotton produced~~ *cotton produced by such producers.*

SUSPENSION AND TERMINATION OF ORDERS

SEC. 9. (a) The Secretary shall, whenever he finds that any order issued under this Act, or any provision thereof, obstructs or does not tend to effectuate the declared policy of this Act, terminate or suspend the operation of such order or such provision thereof.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of 10 per centum or more of the number of cotton producers voting in the referendum approving the order, to determine whether cotton producers favor the termination or suspension of the order, and he shall suspend or terminate such order at the end of the marketing year, as defined in the order, whenever he determines that suspension or termination of the order is approved or favored by a majority of the producers of cotton

voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production of cotton, and who produced more than 50 per centum of the volume of the cotton produced by the cotton producers voting in the referendum.

(c) The termination or suspension of any order, or any provision thereof, shall not be considered an order within the meaning of this Act.

PROVISIONS APPLICABLE TO AMENDMENTS

SEC. 10. The provisions of this Act applicable to orders shall be applicable to amendments to orders.

PRODUCER REFUNDS

SEC. 11. Notwithstanding any other provision of this Act, any cotton producer against whose cotton any assessment is made and collected from him under the authority of this Act and who is not in favor of supporting the research and promotion program as provided for herein shall have the right to demand and receive from the Cotton Board a refund of such assessment: *Provided*, That such demand shall be made personally by such producer in accordance with regulations and on a form *and within a time period* prescribed by the Board and approved by the Secretary ~~within thirty days from the date on which such assessment was collected, stating the name and address of the handler making the collection, the date of the collection, and the quantity~~

~~of cotton involved, supported by statements in writing from the handlers in the manner and form prescribed by the Board and approved by the Secretary that the sum for which refund is sought was collected from such producer. A record of each demand for a refund shall be made and such record shall be a matter of public record. No producer requesting a refund shall be eligible to vote in any subsequent referendum until all amounts refunded to him have been repaid to the Cotton Board unless the Cotton Board in accordance with regulations issued under the order waives such repayment~~, *but in no event less than ninety days, and upon submission of proof satisfactory to the Board that the producer paid the assessment for which refund is sought, and any such refund shall be made within sixty days after demand therefor.*

PETITION AND REVIEW

SEC. 12. (a) Any person subject to any order may file a written petition with the Secretary, stating that any such order *or any provision of such order* or any obligation imposed in connection therewith is not in accordance with law and praying for a modification thereof or to be exempted therefrom. He shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations made by the Secretary. After such hearing, the Secretary shall make a ruling upon the prayer of such petition which shall be final, if in accordance with law.

(b) The district courts of the United States in any district in which such person is an inhabitant, or has his principal place of business, are hereby vested with jurisdiction to review such ruling, provided a complaint for that purpose is filed within twenty days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the Secretary by delivering to him a copy of the complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted pursuant to subsection (a) of this section shall not impede, hinder, or delay the United States or the Secretary from obtaining relief pursuant to section 13 (a) of this Act.

ENFORCEMENT

SEC. 13. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating any order or regulation made or issued pursuant to this Act.

(b) Any ~~person~~ *handler* who willfully violates any provision of any order issued by the Secretary under this Act, or who willfully fails or refuses to ~~pay~~ *collect* or remit

any assessment or fee duly required of him thereunder, shall be liable to a penalty of not more than $1,000 for each such offense which shall accrue to the United States and may be recovered in a civil suit brought by the United States.

CERTIFICATION OF COTTON PRODUCER ORGANIZATION

SEC. 14. The eligibility of each cotton producer organization to represent cotton producers of a cotton producing State to request the issuance of an order under section 4, and to participate in the making of nominations under section 7(b) shall be certified by the Secretary and shall be based *in addition to other available information* upon a factual report submitted by the organization which shall contain information deemed relevant and specified by the Secretary for the making of such determination, including the following:

(a) Geographic territory within the State covered by the organization's active membership;

(b) Nature and size of the organization's active membership in the State, proportion of total of such active membership accounted for by farmers, a map showing the cotton-producing counties in such State in which the organization has members, the volume of cotton produced in each such county, the number of cotton producers in each such county, and the size of

the organization's active cotton producer membership in each such county;

(c) The extent to which the cotton producer membership of such organization is represented in setting the organization's policies;

(d) Evidence of stability and permanency of the organization;

(e) Sources from which the organization's operating funds are derived;

(f) Functions of the organization; and

(g) The organization's ability and willingness to further the aims and objectives of this Act:

Provided, however, That the primary consideration in determining the eligibility of an organization shall be whether its cotton farmer membership consists of a sufficiently large number of the cotton producers who produce a relatively significant volume of cotton to reasonably warrant its participation in the nomination of members for the Cotton Board. The Secretary shall certify any cotton producer organization which he finds to be eligible under this section, and his determination as to eligibility shall be final.

REGULATIONS

SEC. 15. The Secretary is authorized to make such regulations with the force and effect of law, as may be necessary

to carry out the provisions of this Act and the powers vested in him by this Act.

INVESTIGATIONS: POWER TO SUBPENA AND TAKE OATHS AND AFFIRMATIONS: AID OF COURTS: SELF-INCRIMINATION

SEC. 16. (a) The Secretary may make such investigations as he deems necessary for the effective carrying out of his responsibilities under this Act or to determine whether a handler or any other person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, or of any order, or rule or regulation issued under this Act. For the purpose of any such investigation, the Secretary is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents which are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpena issued to, any person, including a handler, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the

attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring such person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

(b) No person shall be excused from attending and testifying or from producing books, papers, and documents before the Secretary, or in obedience to the subpena of the Secretary, or in any cause or proceeding, criminal or otherwise, based upon or growing out of any alleged violation of this Act, or of any order, or rule or regulation issued thereunder on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

DEFINITIONS

SEC. 17. As used in this Act:

(a) The term "Secretary" means the Secretary of Agriculture.

(b) The term "person" means any individual, partnership, corporation, association, or any other entity.

(c) The term "cotton" means all upland cotton harvested in the United States, and, except as used in section 7(e), includes cottonseed of such cotton and the products derived from such cotton and its seed.

(d) The term "handler" means any person who handles cotton or cottonseed in the manner specified in the order or in the rules and regulations issued thereunder.

(e) The term "United States" means the ~~continental United States~~ *50 States of the United States of America.*

(f) The term "cotton-producing State" means any State in which the average annual production of cotton during the five years 1960–1964 was twenty thousand bales or more, except that any State producing cotton whose production during such period was less than such amount shall under regulations prescribed by the Secretary be combined with another State or States producing cotton in such manner that such average annual production of such combination of States totaled twenty thousand bales or more, and the term "cotton-

producing State" shall include any such combination of States.

(g) The term "marketing" includes the sale of cotton or the pledging of cotton to the Commodity Credit Corporation as collateral for a price support loan.

SEPARABILITY

SEC. 18. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION

SEC. 19. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such funds as are necessary to carry out the provisions of this Act. The funds so appropriated shall not be available for the payment of the expenses or expenditures of the Cotton Board in administering any provisions of any order issued pursuant to the terms of this Act.

EFFECTIVE DATE

SEC. 20. This Act shall take effect upon enactment.

Union Calendar No. 551

89TH CONGRESS
2D SESSION

H. R. 12322

[Report No. 1300]

A BILL

To enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

By Mr. COOLEY

JANUARY 26, 1966
Referred to the Committee on Agriculture

FEBRUARY 24, 1966
Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

H. R. 12322

A BILL

10. FOREIGN AFFAIRS; UNITED NATIONS. Both Houses received from the President the annual report on U. S. participation in the United Nations, including reference to activities of the Food and Agriculture Organization (H. Doc. 178). pp. 4149-50, 4239

11. POPULATION CONTROL. Sen. Gruening announced that Secretary Freeman will testify Mar. 3 before the Government Operations Subcommittee on Foreign Aid Expenditures on hearings regarding population control. p. 4155
Sen. Gruening inserted an address urging the President to appoint a task force, including a representative from this Department, to study the population problems of the U. S. pp. 4182-5

12. WEATHER MODIFICATION. Sen. Jackson announced that the Interior and Insular Affairs Committee will begin hearings Mar. 21 on S. 2875, to authorize the Secretary of the Interior to conduct a program of research, experiments, tests, and operations on weather modification. p. 4155

13. FOREIGN AID. H. R. 12563, to provide for U. S. participation in the Asian Development Bank, was made the unfinished business. p. 4234
Sen. Ellender inserted a series of reports to his constituents on the issue of Vietnam, including references to economic and agricultural assistance to South Vietnam. pp. 4170-4

HOUSE

14. COTTON. The Rules Committee reported a resolution for consideration of H. R. 12322, to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton. ~~p. 4346~~

15. RECREATION. The Interior and Insular Affairs Committee reported with amendments H. R. 10451, to authorize the Secretary of the Interior to transfer certain lands in Colo. to the Department of Agriculture for recreation development (H. Rept. 1301). p. 4346

16. FISH PROTEIN. Rep. Hanna urged clearance by FDA of a petition before it for the acceptance of fish protein concentrate as a food additive. pp. 4237-8

17. CONSERVATION. Rep. Stalbaum commended the people of Wisc. and the Soil Conservation Service for conducting soil surveys which will aid in "determining the proper use of the land." p. 4238

18. MILK. Rep. Glenn Andrews stated that the budget proposal to cut school milk funds and impacted area education funds "indicates...the administration's very limited interest either in the underprivileged or in education." p. 4238
Reps. Horton and Nelsen spoke in favor of pending legislation to provide a special milk program for children. pp. 4300-2, 4313-15

19. FOREIGN TRADE. Rep. Dickinson objected to Britain's continuing to "do business with the Communists in North Vietnam and Soviet Cuba" while "we honor the British shipping boycott of Rhodesia." p. 4300

20. DOMESTIC HEALTH AND EDUCATION MESSAGE. Reps. Albert, Staggers, Moss, Mink and Perkins spoke in favor of the health education proposal in the President's

message (pp. 4244, 4245-49), and Rep. Howard criticized the President's proposal to cut in aid to schools in federally impacted areas (p. 4321).

21. FOREIGN AID. Rep. McCarthy announced his intention to introduce a bill amending Public Law 480 to provide for a method of designating U. S. ports for foreign aid exports. p. 4327

22. WATER. Rep. White, Idaho, inserted an Idaho Legislature memorial endorsing the concept of the southwest Idaho water development project. p. 4302

23. SUGAR. Rep. Langen stated he had numerous expressions of concern from sugar-beet growers regarding the "published reports of increased imports of foreign sugar amid rumors that the 1966 planted acreage in the United States will be far short of allocations." p. 4308

24. COFFEE. Rep. Cleveland inserted two articles which he said report "the apparent failure of the International Coffee Agreement." pp. 4316-17

25. ECONOMIC POLICY. Rep. Cleveland spoke in favor of Rep. Curtis' proposal that a minority economic council be created and inserted a supporting article. p. 4317

26. EDUCATION. Received from HEW a proposed bill to strengthen and improve public and private programs of assistance for institutions of higher education and students attending them; to Education and Labor Committee. p. 4345
Received from HEW a proposed bill titled "Elementary and Secondary Education Amendments of 1966"; to Education and Labor Committee. p. 4345

27. LIBRARIES. Received from HEW a proposed bill to extend and amend the Library Services and Construction Act; to Education and Labor Committee. p. 4345

28. AIR POLLUTION. Received from HEW a proposed bill titled "Clean Air Act Amendments of 1966"; to Interstate and Foreign Commerce Committee. pp. 4345-6

ITEMS IN APPENDIX

29. WATER POLLUTION. Reps. Hansen, Iowa, McCarthy, and Murphy, N. Y., inserted articles favoring the President's proposal to "clean America's dirty waters." pp. A1036-7, A1065-6, A1074

30. LABELING; CREDIT. Extension of remarks of Rep. O'Hara, Mich., urging favorable action on the "two most important consumer bills before the 89th Congress--the truth-in-packaging and truth-in-lending proposals", and inserting an article on this subject. p. A. 1041

31. MONOPOLIES. Rep. Nedzi inserted an article, "Dumping, Antitrust Policy, and Economic Power", which discusses implications of proposed antidumping legislation. pp. A1047-9

32. SOIL CONSERVATION. Rep. Skubitz inserted Rep. Dole's speech recounting achievements of soil conservation programs. pp. A1070-1
Extension of remarks of Rep. Mackie paying tribute to soil conservation districts for their "continuing effective work." p. A1085

89TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 1302

CONSIDERATION OF H.R. 12322

MARCH 1, 1966.—Referred to the House Calendar and ordered to be printed

Mr. PEPPER, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 750]

The Committee on Rules, having had under consideration House Resolution 750, reports the same to the House with the recommendation that the resolution do pass.

50-008

House Calendar No. 210

89TH CONGRESS
2D SESSION

H. RES. 750

[Report No. 1302]

IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 1966

Mr. PEPPER, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

---

RESOLUTION

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12322) to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the

conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

House Calendar No. 210

89TH CONGRESS
2D SESSION

H. RES. 750

[Report No. 1302]

RESOLUTION

Providing for consideration of H.R. 12322, a bill to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

By Mr. PEPPER

MARCH 1, 1966

Referred to the House Calendar and ordered to be printed

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY; NOT TO BE QUOTED OR CITED)

Issued March 4, 1966
For actions of March 3, 1966
89th-2nd; No. 38

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HIGHLIGHTS: House passed cotton research and promotion bill. Rep. Quie protested budget cuts for school milk and school lunch programs. Several Reps. introduced and discussed bills to extend special milk program. Several Reps. objected to cuts in special milk funds.

HOUSE

1. COTTON: By a vote of 189 to 183, passed with amendments H. R. 12322, the proposed Cotton Research and Promotion Act (pp. 4609-37). By a vote of 185 to 191, rejected a motion by Rep. May to recommit the bill to the Agriculture Committee with instructions to report it back with an amendment to strike out a provision that no marketing order shall be effective unless cotton producers voting in the referendum have produced at least two-thirds of the volume of cotton produced by such producers (pp. 4635-6).

(over)

Agreed to an amendment by Rep. Cooley to strike out a provision that the consideration and formulation of the terms of any proposed marketing order or the carrying out or compliance with any provision of this act or any order or regulation issued under the act shall not be held to be in violation of any of the U. S. antitrust laws and shall be deemed to be lawful. p. 4627

Rejected the following amendments:

By Rep. Abernethy, 65 to 76, to strike out a provision that no marketing order shall be effective unless cotton producers voting in the referendum have produced at least two-thirds of the volume of cotton produced by such producers. pp. 4628-33

By Rep. Dole, to provide that any producer shall have the option to decline to pay any assessment on a form prescribed by the Cotton Board and furnished to all handlers and such declination shall be deemed to be a refund approved by the Cotton Board. pp. 4633-4

By Rep. Abernethy, 47 to 66, to provide that producers shall have the option to pay assessments under protest and such payment under protest shall be deemed to be and shall be processed by the Cotton Board as an application for a refund of the assessment and such refund shall be made within 60 days. p. 4634

A point of order was sustained against amendments by Rep. Ryan to provide for research and development projects and studies with respect to training or retraining and utilization of displaced farm labor engaged in the growing of cotton. pp. 4634-5

2. CHILD NUTRITION. Received from this Department the proposed Child Nutrition Act of 1966; to Agriculture Committee. p. 4680

3. SCHOOL MILK; SCHOOL LUNCH. Rep. Quie protested the budget cuts for the school milk and school lunch programs. pp. 4667-8

4. FOREIGN AID. Rep. Teague inserted AID Administrator Bell's testimony before the Agriculture Committee in support of the President's proposed Food for Freedom proposal. pp. 4655-7

Rep. Hansen inserted and commended an article supporting the President's plan "to intensify political, social, and economic reforms, with particular stress on rural reconstruction in South Vietnam." pp. 4675-6

5. FOOD STANDARDS. Rep. Vanik stated he was shocked to learn that there are no Government regulations of the fat-to-lean ratio in cured bacon and urged this Department to consider "the consumer and enact regulations insuring decent minimum food values in bacon as well as other agricultural products." pp. 4608-9

6. JOB CORPS. Rep. Quie criticized, and Rep. Gibbons defended, disciplinary procedures in Job Corps camps. pp. 4641-2

7. ELECTRIFICATION. Rep. Saylor urged that the Southwestern Power Administration be required to increase its electric power rates. pp. 4653-4

8. EXPENDITURES. Rep. Bob Wilson criticized the extent of Federal expenditures for various programs, including payments under the farm stabilization program and food for peace program. p. 4655

9. RESEARCH. Rep. Cleveland inserted and commended an article urging enactment of legislation to provide for humane treatment of animals used in research. p. 4657

the homes of all those eager for knowledge.

This dramatic effort follows from the Communications Satellite Act of 1962, which called for the establishment of a worldwide commercial communications system as soon as practicable.

With the Communications Satellite Corp. as the U.S. representative designated by the act, an international consortium of participants in this global venture continues to grow. Forty-eight countries are now engaged in this joint venture, with the corporation acting as manager on behalf of all participants under the international agreements.

In the forward movement of the communications satellite program, all agencies of the Government and the committees of the Congress have assisted in carrying out the objectives and purposes of the act.

Under section 404(a) of the act, I am transmitting to the Congress a report on this national program, which is successfully advancing communications satellite technology to the benefit of the people of the United States and the world.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *March 3, 1966.*

MARKETING ORDER FOR COTTON RESEARCH AND PROMOTION

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 750 and ask for its immedate consideration.

The Clerk read the resolution, as follows:

H. RES. 750

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12322) to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Florida is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from Ohio [Mr. LATTA], and to myself such time as I may consume.

Mr. Speaker, House Resolution 750 provides an open rule with 2 hours of general debate for consideration of H.R. 12322, a bill to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

Producers of synthetic fibers are now spending vast sums for research and promotion. The more expensive of these fibers, which are priced much higher than cotton, have—with expensive promotion—taken over a substantial part of the markets formerly held by cotton. These fibers taken as a group now enjoy almost one-fourth of the entire textile market of this country.

Greatly expanded research into the development of superior cotton products and promotion of these products in order to inform consumers of their superior qualities is necessary to meet the competition of synthetic fibers, if there is to continue to be a cotton industry in the United States.

Research to improve cotton products and funds to explain cotton's advantages to consumers through advertising and sales promotion are badly needed if we are to maintain cotton production at the levels which have been traditional for the past several years.

The purpose of H.R. 12322 is to authorize the establishment of a nationwide marketing order for cotton for the purpose of administering and financing augmented cotton product research and promotion. The legislation would provide a uniform method for all cotton producers, at their own election, to contribute $1 a bale to be used in urgently needed research and promotion work. Funds collected could not be used to influence Government cotton price or production policies.

Mr. Speaker, I urge the adoption of House Resolution 750 in order that H.R. 12322 may be considered.

Mr. Speaker, I yield now to the gentleman from Ohio [Mr. LATTA].

(Mr. LATTA asked and was given permission to revise and extend his remarks.)

Mr. LATTA. Mr. Speaker, I support this rule. I think it is a proper rule for this type of bill. It provides for 2 hours of debate and is an open rule. It will permit any amendment under the 5-minute rule.

After studying this bill and hearing it in the Committee on Rules, I can say that I support the purpose and intent of the legislation. In fact, I think the purpose is quite meritorious. We have a tremendous surplus of cotton and, as I understand it, on August 1 this surplus will be the highest on record. So there is a problem with regard to cotton, and we are hopeful that should this legislation pass, it will help to remove some of this surplus.

As the very able gentleman from Florida indicated, this provides for a cotton board that will promote cotton and cotton products throughout the world. I do, however, believe that it needs some examination and perhaps some amendments by the House. I would now like to turn to some of the features of this bill that I think the House should consider for amendment.

First of all, Mr. Speaker, I would like to point out this bill provides for a nongovernmental board, but over this board is superimposed the tremendous powers of the Secretary of Agriculture. I would briefly like to go through this bill in order to point out some of the powers provided the Secretary of Agriculture as they appear on practically every page.

Beginning on page 4 of the bill, line 12, it says, "the Secretary shall, subject to the provisions of this Act, issue" and so forth, and on line 19, of page 4, it says, "whenever the Secretary has reason to believe", and so forth. Then at the top of page 5 it says, "including the Secretary." On page 5, on line 10, it says, "the Secretary shall issue an order if he finds," and so forth, and on page 6, it says, "if the Secretary determines," and at the bottom of page 6 it reads, "to the Secretary which is appropriate or necessary to the effectuation, administration, or enforcement of the Act," and so forth. On page 7 it says, "upon the request, of the Secretary of Agriculture," and on line 13, page 7, it says, "the publication by direction of the Secretary." On page 8 it says, "selection by the Secretary of a cotton board," and on line 21 on page 8 it says, "if the Secretary determines." On page 9, line 10, it says, "and submit to the Secretary for his approval any advertising or sales promotion or research and development plans or projects."

I would just like to pause and stress the powers given to the Secretary over this nongovernmental board by this very section I have just read. The Secretary will in effect be set up as a censor over anything and everything that this board attempts to publish. I do not think such authority is necessary.

Mr. Speaker, on line 15, page 9, the board must submit "to the Secretary," et cetera, for his approval.

On line 7, page 10, there is the language, "as the Secretary finds."

On page 10, line 22, there appears the language, "except by further order duly approved by the Secretary."

On line 25 of the same page there is the language:

The Secretary may maintain a suit against any person subject to the order for the collection of such assessment.

On page 11, line 3, there is the language:

The Cotton Board shall maintain such books and records and prepare and submit such reports from time to time as the Secretary may prescribe.

Mr. Speaker, let me say that this requested authority calls to my mind one of the most bitterly opposed bills ever to come before the Committee on Agriculture during my service here. I refer to the dairy bill of a few years ago wherein there appeared a provision in the administration bill providing that the Secretary could prescribe how dairy farmers should keep their books, and if they did not keep their books as he so prescribed there would be monetary penalties as well as jail penalties.

The Congress in its wisdom struck out that administration request. But here we find the power being granted to the Secretary of Agriculture to prescribe the reports, the records, et cetera, to be kept by handlers. The penalty provisions appear on page 16. The language does not provide for any jail sentences, but it does provide as follows:

Any handler who willfully violates any provision of any order issued by the Secretary under this Act, or who willfully fails or refuses to collect or remit any assessment or fee duly required of him thereunder, shall be liable to a penalty of not more than $1,000 for each such offense which shall accrue to the United States, and may be recovered in a civil suit brought by the United States.

Mr. TEAGUE of California. Mr. Speaker, will the gentleman yield?

Mr. LATTA. Yes, I yield to the gentleman from California.

Mr. TEAGUE of California. I am sure the gentleman in the well realizes that it is possible that there might be some misunderstanding among the Members of the House who are not so familiar with the bill as the gentleman is on the point which he just made.

The gentleman is referring to the handlers. Of course, these are the people who buy the cotton. These are the merchants who will handle the money. We simply propose a safeguard against embezzlement.

I have some sympathy with respect to the gentleman's point, against placing additional authority in the Secretary of Agriculture, but it should be pointed out that if only 10 percent of the cotton farmers become unhappy with this program they can call for a special election and a new referendum. If, then, 50 percent are dissatisfied, the Secretary must terminate the order.

So, it seems to me there is reasonably good control by the cotton producer upon excessive power reposed in the Secretary of Agriculture.

Mr. LATTA. I quite agree with the gentleman from California. As I read section (b) of section 13, page 16, it states, "any handler who"—which might be any man who only handles one bale of cotton in some little, faraway place down in Arkansas or Mississippi. This bill, as the gentleman agreed, puts a tremendous amount of power in the Secretary of Agriculture over a nongovernmental board.

Mr. Speaker, I believe during the debate some of these points will be expanded. As was brought out when this bill was before the Committee on Rules by the very able gentleman from Mississippi [Mr. ABERNETHY], there is a provision contained in this bill which provides for a referendum based on production rather than by producers, meaning that the person who has 100,000 bales of cotton has 100,000 times more voting power than the individual who has 1 bale of cotton.

Now, Mr. Speaker, where the one-man, one-vote rule, as laid down by the Supreme Court comes into play in this particular bill, I do not know. But it seems to me that this referendum is something which the House of Representatives should look at. It was pointed out before the Rules Committee that under this provision 13.8 percent of the producers could put this program into effect. Now, 13.8 percent, is a very, very low percentage and plays havoc with the voting rights of the small producer.

We also should consider the fact that two large farm organizations are opposed to this legislation. These two farm organizations hardly ever get together on any farm legislation but they have gotten together in their opposition to this bill. I refer to the Farm Bureau and the Farmers Union. There opposition is set forth in the report of the committee on the bottom of page 3:

Only the American Farm Bureau Federation and the Farmers Union appeared in opposition to the bill.

I would say that that is a lot of "only" when you have the two largest farm organizations in the Nation appearing in opposition to legislation.

As I said at the outset, I think this bill has a meritorious purpose and it should pass, but I think it should be amended by this House before it does.

I urge the adoption of the rule but I request my colleagues to take a good hard look at some of the provisions of this proposed legislation before casting their votes.

The SPEAKER. The time of the gentleman has expired.

BOXING

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois [Mr. SPRINGER].

(Mr. SPRINGER asked and was given permission to proceed out of the regular order.)

Mr. SPRINGER. Mr. Speaker, last year the American public was subjected to a sorry spectacle in the great sport of boxing. A match which could not qualify in one State shopped around for a last-minute site. It ended up in a small town in Maine which had no gate potential but which served its purpose as a launching pad for the lucrative closed-circuit coverage. The result was a sports disaster which should not have happened. Most of all it should not have been allowed to use communications systems across the country.

The Boxing Commission bill which I introduced and which this body so wisely considered and passed would have required registration by all persons connected with a match and those persons or companies which hoped to disseminate it live. The Commission could stop the communication of a bout which smelled peculiar.

Here we are, less than a year later, with a perfect example of a situation which the legislation was intended to control. The "Peck's Bad Boy" of the boxing game is throwing his weight around, completely discrediting the entire sport of boxing and casting shadows on other sports and other people. Since the State of Illinois has found the bout both illegal and undesirable, Mr. Ali has shopped around many other States to find a haven for the venture. With several million dollars worth of closed-circuit and other rights riding on it, his efforts are understandable. Based upon his personal performance and attitude it is also understandable that no State wants him.

Now he seems to be set by moving the bout across the border to Canada. If our Boxing Commission were in business, the media in the country would have to submit its contracts for showing the bout for prior approval. I, for one, wish that Commission existed today.

Let us hope that the other body is moved by this development to complete the legislative action on our bill so that still another such debacle may be avoided.

PUERTO RICO SUPPORTS VIETNAM POLICY

Mr. PEPPER. Mr. Speaker, I yield 1 minute to the distinguished and able Resident Commissioner from Puerto Rico.

Mr. POLANCO-ABREU. Mr. Speaker, the right to dissent is a cherished right of the American people and it is a right which is protected by democratic governments all over the world. This is essential to the true concept of democracy. However, I agree with the Vice President in what he told the American Legion last night at their banquet at the Sheraton Park Hotel when he said that he and other Americans also have the right to dissent with the dissenters.

The Vice President also expressed the view that entirely too much publicity had been given to the dissenters and the demonstrations of some of them.

As a Puerto Rican, I should like to help to emphasize the position of those who support our efforts in Vietnam and in this respect, I should like to call to the attention of all my colleagues a concurrent resolution adopted by the Legislature of the Commonwealth of Puerto Rico on February 23, 1966, which condemns all actions tending to weaken the efforts of the United States in its struggle to preserve peace and democratic justice in the world, as now in Vietnam, and to check Communist aggression.

The adoption of this resolution by the Legislature of the Commonwealth of Puerto Rico leaves no doubt as to the position of Puerto Ricans in this matter. I am proud, therefore, to present the resolution to the attention of all my colleagues:

CONCURRENT RESOLUTION 14

Concurrent resolution to reassert that it is the irrevocable will of Puerto Ricans to fulfill the duties lawfully and morally imposed on us as citizens within our permanent union with the United States of America.

Whereas the moral and political bonds that link the Puerto Ricans with the United States were established through their manifest will and express consent and are based on common loyalty to our American citizenship; and

Whereas the Puerto Ricans have always answered the call of their civic duty, ever ready to fulfill same to their utmost effort and up to the supreme sacrifice; and

Whereas service in the Armed Forces of the United States is not only an imperative of law but a high civic and moral duty fully and equally binding all citizens; and

Whereas any action that obstruct the fulfillment of the civic duty to render military service is not only illegal but also antidemocratic and antipatriotic and repugnant to the moral sense of our people: Therefore be it

Resolved by the Legislative Assembly of Puerto Rico—

1. To reassert in behalf of the Puerto Ricans their irrevocable will to fulfill their obligations as citizens, both civic and military anywhere, and at any time.

2. To condemn every action that may obstruct or tend to weaken the armed efforts of the United States of America as circumstances at any time or place shall demand, for the preservation of peace and democratic justice in the world or, as now in Vietnam,

to check Communist aggression; or that may tend to weaken the will of the citizens to fulfill the military duties which the law and morality impose on them;

3. That copy of this resolution be transmitted to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives of the United States, the Governor of Puerto Rico, and the Resident Commissioner for Puerto Rico in Washington.

Mr. PEPPER. Mr. Speaker, I have no further requests for time.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION—APPOINTMENT OF MEMBER

The SPEAKER. Pursuant to the provisions of section 1, Public Law 372, 84th Congress, as amended, the Chair appoints as a member of the Franklin Delano Roosevelt Memorial Commission the gentleman from New York [Mr. KUPFERMAN] to fill an existing vacancy thereon.

CALL OF THE HOUSE

Mr. HALL. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 31]

Annunzio	Fisher	Nix
Aspinall	Fuqua	O'Brien
Baldwin	Giaimo	O'Hara, Mich.
Blatnik	Gubser	Powell
Brown, Calif.	Hanna	Robison
Cameron	Hawkins	Rostenkowski
Colmer	Hays	Roudebush
Corman	Holland	Scott
Dague	Jones, Ala.	Shipley
Dawson	Jones, Mo.	Teague, Tex.
Devine	Love	Toll
Diggs	McEwen	Tunney
Dingell	Macdonald	Willis
Dowdy	Matthews	Wilson,
Edwards, Calif.	Miller	Charles H.
Feighan	Murray	Wright

The SPEAKER. On this rollcall, 381 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

MARKETING ORDER FOR COTTON RESEARCH AND PROMOTION

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12322) to enable cotton-growers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

The SPEAKER. The question is on the motion offered by the gentleman from North Carolina.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of bill H.R. 12322, with Mr. MCFALL in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from North Carolina [Mr. COOLEY] will be recognized for 1 hour and the gentleman from Oklahoma [Mr. BELCHER] will be recognized for 1 hour.

The Chair recognizes the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, I yield myself 5 minutes.

(Mr. COOLEY asked and was given permission to revise and extend his remarks.)

Mr. COOLEY. Mr. Chairman, this bill, H.R. 12322, has been very carefully considered by all persons in the cotton-growing areas of this country.

We had extended hearings. I think that we had witnesses from every cotton-growing section in America to appear in our committee room in support of this legislation. Just about every cotton organization in America had a representative appear before our committee in behalf of this bill.

The American Farm Bureau, speaking through its president, opposed the bill and frankly stated in committee that he would not approve the bill unless we struck out the enacting clause and everything thereafter. That did not come as a surprise to any of us because if he has stood for anything in behalf of farmers since 1949, or since he has been in office, I am not aware of it.

One other farm organization came in and asked for a continuance in order that the matter might be studied further.

The Cotton Council of America supports this bill.

Now the purpose of this bill is obvious. Its purpose is to raise some money to promote cotton and cotton research.

The bill provides for a voluntary program under which farmers will pay $1 a bale on each bale of cotton that they produce and sell.

It provides for the creation of a Cotton Board composed of farmers selected by the Secretary of Agriculture from a list of nominees provided by the farmers themselves.

I say that it is a voluntary program because under the terms of the bill any farmer who pays $1 a bale into the Cotton Board for these purposes would have a legal right to ask for a refund of that money. Of course, the program applies to small farmers and large farmers. In my State of North Carolina the average cotton farmer has about 5 acres, producing probably less than five bales per farmer.

People flew in to Washington from the west coast to testify. One of them produces around 30,000 to 35,000 bales; another one produces over 80,000 bales. They came here to urge the passage of this bill. One of them urged us to strike out the referendum provision and to strike out the refund provision. He did so to show his sincerity and his belief in the program contemplated by the legislation.

The bill was fashioned after many other orders which have been issued. More than 70 milk marketing orders have been put into operation, and I believe almost all of them are now operating.

In addition to the 70 milk marketing orders we have 48 other orders. All of those require that the voting by referendum be by either two-thirds of the producers or producers representing two-thirds of the volume of the commodity involved.

I have in my hand a letter from the Deputy Administrator, which I will put into the RECORD in my remarks, indicating that we are here following a precedent.

The letter is as follows:

U.S. DEPARTMENT OF AGRICULTURE,
CONSUMER AND MARKETING SERVICE,
Washington, D.C., March 2, 1966.

Mr. JOHN J. HEIMBURGER,
General Counsel,
House Committee on Agriculture,
Washington, D.C.

DEAR MR. HEIMBURGER: The following has been the policy of the Department with respect to referendums on marketing agreements and orders and the wool program.

The statutes under which these programs are issued require that they be approved by either two-thirds of the producers or two-thirds of the volume represented in the referendum.

Milk: In all cases approval has been by two-thirds of the number of producers.

Fruits and vegetables: With one exception, approval has been by two-thirds of the number of producers. In these cases, however, the Secretary also considers volume. In no case has a program been made effective where the production of the producers approving the program was less than 50 percent of the volume represented in the referendum. The one exception where a program was made effective although the referendum carried by volume and not by numbers was the Florida tomato marketing agreement and order. In that instance, the volume approval was 82 percent and the number approval was only 58 percent.

Wool: Because deductions from wool payments for financing the program are based upon the volume of wool and unshorn lambs sold by each producer, producer approval is based primarily on volume of production. Thus, the program is not put into effect unless producers owning two-thirds of the sheep and lambs represented by votes in the referendum approve. However, in determining whether the referendum results adequately reflect producer approval on a representative basis, consideration is also given to the number of votes cast for and against the program by individual producers. In all instances, however, this program has been approved by numbers as well as volume.

With respect to milk and fruit and vegetable marketing agreements and orders, no announcement is made whether the Secretary will predicate his decision on numbers or volume, the decision being made after the referendum results are in. With respect to the wool program, however, the Secretary announces prior to referendum that his decision will be based primarily on volume, although numbers will be considered.

If I can furnish any additional information, please do not hesitate to call me.

Sincerely yours,

CLARENCE H. GIRARD,
Deputy Administrator.

We hear much talk about the little farmer. I think I represent about as many little farmers as anyone on the committee, and I have not heard one word in my district in opposition to this bill.

I believe everyone generally approves the principle of the bill because, after all, it is a self-help program. Farmers put up their own money. They elect or recommend their own board members. They provide the programs which would be approved. Of course, the Secretary is charged with the general administration of the program, but the money that is collected from the farmers does not go into the Treasury of the United States.

The Treasury of the United States has nothing to do with it.

As I have said, we are following precedent. We believe that the program is badly needed for the reason that cotton has been losing its markets while synthetic fibers have been making great headway.

There is a reason for all of this. No one criticizes the manufacturers of synthetic goods. In fact, I congratulate them upon the marvelous progress that they have made. But in a moment I shall yield to the chairman of our Cotton Subcommittee, our beloved colleague from Arkansas [Mr. GATHINGS], who will discuss further details and will explain to the House just what has happened in the field of the promotion of textiles.

Mr. Chairman, the program is not only important to farmers but also to the consuming public. It is vitally important to all of those who are now working in our textile plants. We have about 248,000 in North Carolina, I believe, employed in our cotton industry. This is one of the most important industries in America. It employs more people than any other industry in the country, and yet we are in foul shape because we have now in storage 14 million or 15 million bales of cotton which we cannot sell or dispose of.

Mr. GATHINGS. Mr. Chairman, will the gentleman yield at that point?

Mr. COOLEY. I am happy to yield to the distinguished gentleman from Arkansas.

Mr. GATHINGS. The gentleman from North Carolina has just referred to the large number of employees engaged in the manufacture of cotton. I should like to point out that I hold in my hand a bulletin entitled "Supplement 1, Measurements of the U.S. Cotton Industry," from the National Cotton Council of America. That bulletin shows that the textile mill products industry employs a total of 522,000 people and the apparel and related products industry employs a total of 736,000 people. There are various others listed on this sheet, but I wanted to point out that those two items—522,000 and 736,000—comprise well over a million, some 1,200,000, workers who are now engaged in the manufacture of cotton goods.

Mr. COOLEY. Mr. Chairman, I will put in the RECORD for the benefit of the House a budget from the National Cotton Council, showing how its money was expended, and one from the Cotton Producers Institute.

If you put them both together, there is only about $5½ million being spent in the promotion and research in cotton, whereas more than $200 million a year is being spent for the research and promotion of synthetics. That shows why we need more money for promotion and research. We want to reduce the cost of producing this fiber. We want to make it more attractive and more durable so that the consumer can profit.

We will probably have a 12-million-bale crop. We need this money because we believe that if the farmers put up about $12 million that would come to the Cotton Board to be spent for these purposes.

Mr. Chairman, for the information of the House, here is a brief history of the Cotton Producers Institute and figures on collections and expenditures of the CPI and the cotton council.

The Cotton Producers Institute was organized at the 1960 annual meeting of the National Cotton Council. At that time the cotton council was collecting approximately $3 million per year which was about the maximum that could be collected under the council's finance plan. See attached statement on amount paid by each of the groups embracing the council.

The producers recognized that the $3 million was not adequate to do the kind of research and promotion program which cotton needs. Accordingly they developed the plan under which Cotton Producers Institute would collect $1 a bale on each bale produced by farmers. See attached statement on amount collected by CPI.

The Cotton Producers Institute funds were used exclusively for research and promotion. The staff of the cotton council serviced the research and promotion work for the institute at no charge to the institute. The promotion funds were spent for advertising cotton products in national consumer magazines, major network TV programs and cooperative advertising campaigns with fabric and garment manufacturers and retailers. Approximately two-thirds of the fund was used for promotion and one-third for research. In research the principal emphasis was placed on product development and improvement.

Finance plan of the National Cotton Council

Interest	*Amount paid*
Producer-Ginner	20 cents per bale of cotton ginned.
Merchant	3 cents per bale merchandized.
Cotton oil mills	7½ cents per ton of seed crushed.
Cotton spinning mills	10 cents per bale consumed.
Warehouse	1 cent per bale shipped.

Collections by Cotton Producers Institute

Crop year:	*Amount*
1961	1,337,817
1962	2,480,784
1963	2,419,353
1964	3,004,038
1965 (estimated)	2,500,000

1965 budget expenditures, Cotton Producers Institute

	Amount	*Percent*
Research	$834,166.60	33⅓
Sales promotion	1,668,333.20	66⅔
Total	2,502,499.80	100

In the fall of each year the Cotton Producers Institute trustees decide upon a division of the funds available for program work between the major fields of research and sales promotion. These amounts are then budgeted for these purposes for the next calendar year. The board of trustees then approves individual research and promotion projects aggregating the total amount budgeted for these purposes.

Budget expenditures, 1965, National Cotton Council[1]

	Amount	*Percent*
General administration and policy development	$254,244.45	8.3
Domestic and foreign sales promotion and public relations	1,427,035.20	46.8
Research, research development, and education	923,721.45	30.3
Washington operations	151,785.50	5.0
Finance and accounting	291,535.40	9.6
Total	3,048,322.00	100

[1] As shown in annual audit report by Touche, Ross, Bailey & Smart, certified public accountants.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I am glad to yield to the gentleman.

Mr. MAHON. Mr. Chairman, the gentleman from North Carolina is familiar with the fact that Congress is annually appropriating money for research in cotton. The program which is being proposed in this bill would provide that the producer of cotton would put up money. As I understand it, this is not to duplicate the work being done by the Government.

Mr. COOLEY. No.

Mr. MAHON. But this is in another area of promotion of cotton: the sales of cotton, the advertising of cotton, the marketing of cotton, and cotton products. Is that correct?

Mr. COOLEY. That is right. I might say that the amount being spent by the Federal Government cannot be compared with the amount that is now being spent by industry in the field of promotion for the manmade fibers.

Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. GATHINGS], chairman of the Cotton Subcommittee.

Mr. GATHINGS. Mr. Chairman, the Committee on Agriculture held extensive hearings on this legislation. There were 22 witnesses who appeared before the committee and were heard. In addition to those 2 days of morning hearings, which lasted many hours—on one day testimony went into the afternoon. The committee subsequently went into executive session and gave most careful and thought-provoking consideration to amendments. Some amendments were agreed to.

The legislation that we bring to you today is needed badly on the part of the cotton industry and more particularly the cotton farmer. The cotton farmer is asking the privilege of paying $1 a bale, if he is permitted to do so by this Congress, to carry on his own research pro-

gram and promotion program to further his best interests.

Let us look for a moment and see just what the legislation would do.

In the first place, the producers themselves, the actual cotton farmers, will propose an order with respect to cotton research and promotion.

The Secretary of Agriculture will decide if that order meets the objectives that this Congress has set, in the legislation that we are now considering. If it does meet those objectives, set out in the legislation, the Secretary will issue a notice to hold public hearings.

After these hearings are held, if it is decided that the order does carry out the principles of this bill, that we hope will be passed and enacted into law, the Secretary will issue that order as submitted by these growers.

The next step will be that the order itself will be submitted to a referendum. The farmers themselves will have an opportunity to vote on that order. If it is approved by two-thirds of the farmers voting on it, or two-thirds of the volume represented by those who do vote in that referendum, it will become effective.

The next step is the naming of a Cotton Board. That Cotton Board is chosen by the Secretary of Agriculture from lists that are furnished by eligible producer groups, various producer organizations across the belt, whose membership is composed of cotton farmers. It was stated by my good friend, the gentleman from Ohio [Mr. LATTA] that there is entirely too much authority placed in the Secretary of Agriculture by this legislation. I hope the gentleman from Ohio [Mr. LATTA] is here. Now, there is not any extensive power placed in the hands of the Secretary of Agriculture here. As stated by Mr. LATTA, the Secretary is mentioned throughout the bill, yes, but there is a proper function for him to perform all throughout this legislation. If you start with the farmer who came up with the order, then they have the hearing with everybody given an opportunity to be heard. The Secretary calls this hearing. He calls for a referendum. Now, is that too much power in the hands of the Secretary of Agriculture, to let him ask for a referendum where the farmers themselves will be given an opportunity to vote on that order that they themselves have presented for approval? You have to have someone carry on that referendum. The Secretary of Agriculture can work through the various county offices of the Department. They are all set up now to do that very thing of conductive referendums of farmers.

The Cotton Board is to be named from lists furnished by eligible producer organization. So the farmer speaks and his voice is heard again in the naming of a Cotton Board, although the Secretary of Agriculture, chooses from lists that will be furnished by organizations of producers who grow cotton. This Cotton Board, which is the overall policy board would contract with a grower organization whose governing body represents all of the States according to the volume marketed in cotton. This group would develop and submit to the Cotton Board a research and promotion plan and after review by the Cotton Board it would be sent to the Secretary of Agriculture with recommendations. If the plan is made effective, the research and promotion operation would go forward by the cotton group itself. They would put it into effect.

Now, the cost of the program is to be paid from grower assessments collected from handlers that are selected by the Cotton Board itself in accordance with the customs of the particular area.

Now I would like to call your attention to another feature of this legislation. If a farmer does not want to participate and pay his $1 a bale assessment to the handlers of the cotton, all he has to do is sign his name on a little form that is provided for him. Not later than 60 days, as this bill provides, he shall get his money back. So the legislation really amounts to a voluntary assessment plan. He can get his money back if he does not want to participate, and nothing is said about it at all. He can get that refund.

Another safeguard is written into this legislation, as was brought out by the gentleman from California [Mr. TEAGUE] during the debate on the rule. Ten percent of the farmers who did vote in that referendum can make a determination as to whether or not to suspend the order by calling for an additional vote, an additional referendum, and if the majority that voted in the original referendum represented as much as 50 percent of the volume of cotton, if they were to determine that they did not approve of the order, why, then, in that event, the order would be eliminated or suspended.

Now I want to call your attention, Mr. Chairman, to the money that was spent for research and promotion by manmade fiber groups. In 1965, $135 million was spent by manmade fiber groups for research and development, in that year alone. In addition to the $135 million for research these people spent $70 million in promotion efforts, eight of the manmade fiber groups or companies manufactured 90 percent of the total of these manmade fibers that are on the market.

Now, Mr. Chairman, in addition to that they spent $60 million in 1965, or a total of a little more than $200 million which was spent through these organizations.

They have a perfect right to do that.

Now, let us compare these funds with the amount of money that is available for cotton research. Of that amount of money only one-seventh as much was made available for research and for protion on cotton.

Now, in 1952, we will use as the base year—between 1952 and 1965, or a 13-year period——

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. COOLEY. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. GATHINGS. During this 13-year period of time there was a 7-million-bale increase in domestic consumption of all types of fiber in the United States. Of that 7-million-bale increase over that 13-year period of time, cotton did not realize any increase whatsoever. All of it went to these other fibers which include nylon, which sells for 88 cents a pound; polyester, which sells for 84 cents a pound; and acrylic, which sells for 80 cents a pound.

Here is Middling Inch cotton in this sample. This is what the consuming public wants.

Mr. Chairman, why do they want this type of product? This is Middling Inch cotton. Look at all of that marvelous fiber. This is the best.

Mr. Chairman, I have on a 100-percent cotton shirt. That cotton shirt starches well. It wears well. It is absorbent. It is white. It is hard to wear out. The American people want an opportunity——

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield at that particular point?

The shirt which the gentleman is wearing is not white.

Mr. GATHINGS. The American people want an opportunity to use more of this type product rather than to pay 80 or more cents a pound for some of these other fibers which I have shown you.

Now, Mr. Chairman, I yield to the gentleman from Mississippi [Mr. ABERNETHY].

Mr. ABERNETHY. That particular shirt which the gentleman is wearing is blue, I believe the gentleman will find at this point.

Mr. GATHINGS. It has some white stripes in it.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. COOLEY. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. GATHINGS. I thank the gentleman.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield for a couple of brief questions?

Mr. GATHINGS. I shall be glad to yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. This might have been better directed to the chairman of the full committee, but as I am sure the gentleman probably has the answer to this himself because of his knowledge in this field, the figure of $200 million per year for research programs was used as far as the producers of synthetic fibers are concerned. I am wondering from where this money comes, and how it is raised.

Mr. GATHINGS. I assume that that money is raised by the various firms which are interested in the manufacture of this particular synthetic fiber about which we speak.

Mr. ST GERMAIN. Mr. Chairman, if the gentleman will yield further—specifically the gentleman said that all that is being asked for here is that the cotton farmers be permitted to contribute to this fund?

Mr. GATHINGS. Yes.

Mr. ST GERMAIN. Is there anything which prevents them today from contributing to a voluntary fund?

Mr. GATHINGS. That is a good question. We have had a very fine organization. The CPI—the Cotton Producers' Institute—which has been functioning since about 1960. At the outset

a small amount of money was contributed by these farmers. There was an increase for a few years. In 1964 it stabilized and did not move forward. In 1965 it was a little bit more than it was in 1964 by virtue of some $700,000 which was made available by the co-ops in west Texas.

So, it did move up over the 1964 amount. But now the program has not worked out as well as it was hoped because there are so few producers participating.

The reason for that is there is competition among the gins. Here is a gin in this part of town that has been collecting the $1 a bale set for a voluntary program for research and promotion. But here is another gin close by which says, "Now you come and gin with me and we will not hold the $1 out."

So then the sum and substance is that gin A will say, "Well now we will not participate either." So that is what has caused the voluntary program to fail.

Mr. ST GERMAIN. The gentleman stated the voting was going to be by volume. In other words, you would not count heads which would in a way be counting the number of bales to see how many votes each individual producer would have in making a decision under this referendum?

Mr. GATHINGS. In making a determination we depend on either two-thirds of those cotton farmers who participated or two-thirds of the volume represented by those who cast a vote.

Mr. ST GERMAIN. I thank the gentleman. And the gentleman feels though that these people who have gone to a gin that is not charging the $1 under this present arrangement, if given an opportunity on a referendum would all agree, or at least a majority would agree, that it might be wise that they all go to a gin where they are going to have to throw in $1 per bale for promotion and research and development.

Mr. GATHINGS. What they could do is either to vote to have the order—either voted up or voted down in a referendum—that is No. 1.

Then, second, that they could get their money back if they did not want to participate. They could do this very easily under the terms of this legislation.

Mr. ST GERMAIN. I thank the gentleman for his clarification.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the distinguished chairman of the Committee on Agriculture.

Mr. COOLEY. And if two-thirds voted in the referendum either by numbers or by volume and a year from now it turns out that it is an unhappy situation and they do not want it, all they have to do is to stop paying and the Secretary could suspend it; is that not right?

Mr. GATHINGS. There are two ways to do it.

Mr. COOLEY. And 10 percent of them could petition to do that; is that not right?

Mr. GATHINGS. There are two ways you could do that. Only 10 percent of those who participated in the voting a year earlier could ask for another referendum.

Mr. COOLEY. That is right.

Mr. GATHINGS. Then the referendum would be called and only 50 percent of the volume of cotton represented could eliminate the order completely or change it.

Mrs. MAY. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentlewoman from Washington.

Mrs. MAY. I wonder if the gentleman from Arkansas would answer some questions for me that have concerned me about this bill. The gentleman from Ohio [Mr. LATTA] brought up the charge of giving the Secretary of Agriculture unpredecented authority under this bill. The gentleman from Arkansas has in his comments said that this is not an unprecedented authority. But is it not true that the Secretary himself without even calling a hearing could decide to issue an order or not to issue an order?

Then, as I understand the bill, the Secretary could require that any class of handlers keep and produce to the Cotton Board or the Secretary himself books, records, and reports that he himself decided he may want.

Mr. GATHINGS. If the gentlewoman will permit me to answer one of her questions. The gentlewoman asks the question whether or not the Secretary would issue an order that has been submitted by this growers group. The bill provides this—that the Secretary would in furtherance of the act of Congress, if the Secretary makes the determination that the particular order is in keeping with the express provisions of this legislation or the act when passed as well as the history made here on the floor of the House and in the Senate, then he would put the order into effect.

Mrs. MAY. But really the correct answer to my question is that the Secretary himself could decide to issue an order or not to issue an order without calling a hearing; is that not true?

Mr. GATHINGS. Yes, he could. But at the same time, he would carry out the mandate of the Congress in doing so because it is expressly provided in this legislation that he could do that.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentleman.

Mr. COOLEY. I think the gentleman is under the wrong impression with reference to that. I do not think the Secretary could do that without a hearing. He cannot act arbitrarily or capriciously.

Mr. GATHINGS. The gentlewoman meant after a hearing. The gentleman's comment is absolutely right. The gentlewoman meant, as I understand her, after a hearing was held. That cannot be done until after a hearing.

Mrs. MAY. But after a hearing the Secretary could issue an order or not issue an order; is that not correct?

Mr. COOLEY. He certainly could not make that decision without a hearing.

Mrs. MAY. I do have some further questions on this. As I understand the bill, the Secretary would have, as I said, full discretion of approval or disapproval of any plans for promotion or research. He would have full discretion whether to approve or disapprove a budgent on a projected basis and he would have the full discretion as to whether to approve or disapprove a contract under which the Cotton Board itself would propose to enter into with the producer organization. Is this true?

Mr. GATHINGS. I merely wish to say to the gentlewoman that this legislation does provide for the Secretary to approve the various matters that we have discussed here step by step earlier in my remarks. I am in agreement with the gentlewoman that excessive powers in the Secretary, is not a good thing, but I do not believe that that situation exists here.

The Secretary is to be given authority to call for a referendum, for example. The Secretary has that authority under this legislation, but he is the only one who should do that. He has the machinery ready to put it into effect.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. COOLEY. I yield 1 additional minute to the gentleman from Arkansas.

Mr. BELCHER. Mr. Chairman, I yield 2 additional minutes to the gentleman from Arkansas so that he can continue to answer the questions of the gentlewoman from Washington.

Mrs. MAY. I asked the gentleman if he would yield so I could ask my second question and the gentleman from Arkansas would still have time to answer the question which the gentlewoman from New York desires to ask.

My second question goes to the authority in the hands of the Secretary. As I understand, under the bill the Secretary himself would be authorized to sue for assessments. In other words, a producer could obtain a refund of his assessment if he makes such a demand personally in accordance with the regulations prescribed and in 30 days of the collection of the assessment?

Mr. GATHINGS. Yes.

Mrs. MAY. And then a just demand is made a matter of public record, and the producer would not be permitted after that to vote in any subsequent referendum?

Mr. GATHINGS. That provision was eliminated. It was in the bill originally, but the Committee on Agriculture eliminated that provision.

Mrs. MAY. I see.

Mr. GATHINGS. No publicity whatever would be given those who received refunds. If he wants to get his money back, he signs the form and he gets his money back no later than 60 days from the time he signs the form.

Mrs. MAY. The Secretary would appoint the members of the Cotton Board and he need not make his appointments from the nominations of organizations certified by the Secretary to make the nominations, and the Secretary could terminate the order or any provision in it without referendum. Is that not true?

Mr. GATHINGS. After a hearing on the original order shall been have had he could do that, but he would have to take into account and into consideration

the mandate of the provisions of the bill as well as the history of the legislation made here on the floors of the two Houses.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I am glad to yield to the gentlewoman from New York.

Mrs. KELLY. I thank the gentleman for yielding. I should like to know whether the bill would establish a precedent whereby the Secretary of Agriculture would promote a product for the first time and, if so, what would that do to our free enterprise system?

Mr. GATHINGS. To promote a product?

Mrs. KELLY. I refer to the cotton products. Is not that what the bill would do by this $1-a-bale contribution?

Mr. GATHINGS. I will tell you what it would mean. It would mean that the legislation would be written by the gentlewoman from New York. You, as well as 534 other people on both sides of the Capitol, have in your hands the power to pass upon just what you mean and just what you want written into that legislation.

Mr. SISK. Mr. Chairman, will the gentleman from Arkansas yield in connection with the gentlewoman's question?

Mr. GATHINGS. I yield to the gentleman from California.

Mr. SISK. It is my understanding that the question asked was whether or not any precedents would be established.

Mrs. KELLY. Yes.

Mr. SISK. No, there are no precedents whatever in this piece of legislation. We have had for 30 years marketing orders by the numbers. There are today in total something like 50 marketing orders operating in my own district, and for the past 25 years we have had national marketing orders which operate under exactly the same terms of law, the same provisions, and the same requirements as are provided here for cotton.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. COOLEY. Mr. Chairman, I yield myself 1 minute, and yield further to the gentlewoman from New York.

Mrs. KELLY. I do not feel that my question was properly answered. I understand the marketing problem. But do I correctly understand that the Secretary of Agriculture could promote the products on TV and everywhere else?

Mr. COOLEY. The producers will spend their own money and will determine in detail how it is spent. They would not spend taxpayers' money. The $1 a bale coming into the Board would provide the funds.

Mrs. KELLY. It comes in to the Board.

Mr. COOLEY. The Board would provide its own advertising, promotion, and research.

Mrs. KELLY. Under the direction of the Secretary of Agriculture?

Mr. COOLEY. The Secretary could veto it, but all marketing orders work in the same way.

Mrs. KELLY. Would you call being on television a proper function of a marketing order?

Mr. COOLEY. Yes, if they are spending their own money, not the taxpayers' money——

Mrs. KELLY. Indirectly is it not our money?

Mr. COOLEY. No, it is not. See the money would be contributed by producers and transmitted to the Board and the Board has control.

Mrs. KELLY. Then you do not think it would hurt our private enterprise system?

Mr. COOLEY. Of course not.

Mrs. KELLY. I thank the gentleman from North Carolina.

Mr. BELCHER. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. TEAGUE].

Mr. TEAGUE of California. Mr. Chairman, let me say that there is not a bale of cotton grown in my congressional district in California. Nevertheless, I am going to make a few remarks here in enthusiastic support of this bill.

It is not very often that I find myself in disagreement with the American Farm Bureau, but this time I am. I would like to suggest that a great many members of the Farm Bureau, who are cottongrowers themselves, are in disagreement with the official Farm Bureau policy.

This, as I see it, is a voluntary self-help program. I think we should understand that this is not another costly Government subsidy operation, most of which I have opposed. This is something entirely different. It is merely giving the cottongrowers of this country an opportunity to promote their own product.

They have tried to do this on a voluntary basis, but cotton is grown in so many States and in so many different areas, and there are so many different types of cotton, that they have not been able to collect enough money to carry on a proper research and promotion program in conjunction with or in addition to that operated by the Government.

I should like to remind the House again that this will not go into operation unless it is approved by two-thirds of the cotton producers.

Something very important should be repeated once more, I believe: If at any time the cotton producers get unhappy with this program and feel that it is being improperly carried on, just 10 percent of them can petition to have it discontinued and another referendum must be held.

If a majority of those who vote in the referendum are in favor of calling the whole thing off, the Secretary will have no choice except to terminate the program.

To me this is not an unconscionable or an improper further intrusion by the Federal Government into private industry. It is a good practical plan for self-help for an industry which is experiencing a great deal of trouble, and I urge the Members of this body to vote in favor of this proposal.

Mr. BELCHER. Mr. Chairman, I yield 5 minutes to the gentlewoman from Washington [Mrs. MAY].

Mrs. MAY. Mr. Chairman, it is with great regret that I rise to oppose this bill, because I have such high respect for the many colleagues, both majority and minority, on this committee who are favoring it, and also because I come from a district, of course, that has no cotton at all. I am injecting my reasoning against this on the basis of one principle alone: that is that the principle of a mandatory checkoff program is included.

This bill, as it finally came out of our committee by voice vote, really has few minor changes in it. These changes in no way affect, as far as I am concerned, the basic things that are wrong with a Federal Government checkoff of any commodity: the principle itself.

We have many voluntary checkoffs that work without Government supervision, as in the case of the National Livestock and Meat Board, which has been doing an excellent job. Many of the dairy checkoffs have been on a voluntary basis and have operated in a very satisfactory manner. They have to justify themselves or the farmers just will not participate.

In this case, we have a compulsory program, where the collection of money from the farmers—in this case cotton, at $1 a bale—could mean up to $15 million annually added to the cost of the cotton producers.

If a program for soybeans were submitted on a similar basis, obviously the producer would be forced to pay a checkoff on cotton and soybeans to help compete with himself. It is my belief that if the cotton checkoff program were a good program, it would operate on its merits, on a strictly voluntary basis. I think the real reason it has not worked out voluntarily is that farmers have felt in the past, in many instances, that they were not getting their money's worth. It is realized, of course, that in this bill the farmer does have the right to ask for his money back. But I ask you: What farmer ever wants to get himself into that position?

I just think he should not be forced through the Federal Government by law to do anything like this.

I do not like the precedent it sets for other commodities, either.

Now I will be delighted to yield to the gentleman from California [Mr. HAGEN].

Mr. HAGEN of California. Well, Mrs. MAY, do they not have marketing orders in the State of Washington?

Mrs. MAY. They have voluntary marketing orders. Yes. They do have a mandatory checkoff, but this is paid from assessments against the handler, which may not necessarily be paid by growers.

Mr. HAGEN of California. Under the Federal statute, are there not marketing orders in effect in the State of Washington?

Mrs. MAY. Yes. And highly controversial, I might say, in many areas. There are no orders presently active for checkoffs for paid advertising.

Mr. HAGEN of California. Nonetheless, they do provide the same voting

procedures which are present in this bill, and the possibility of a checkoff proposal is always present.

Mrs. MAY. I point out to the gentleman that I was not a Member of this august body at the time when Federal marketing orders checkoffs for research were made mandatory.

Mr. HAGEN of California. You are not suggesting that those be repealed, are you?

Mrs. MAY. No, sir; I am not suggesting that, but I have been made aware of the hardships that they have brought on producers under mandatory conditions.

Mr. HAGEN of California. One other question. Do you support the Wool Act?

Mrs. MAY. Yes. And I welcome this question, because I do see a difference here. In the first place, let me say that I was not in at the inception of that act, but the producers have overwhelmingly, within this area, as you know, voted the full majority for it. The wool checkoff is made from Government payments and not collected by wool handlers as in the case of cotton. They do not have to pay for their research out of their market price. This is paid for out of Government funds. I think there is a great difference here on what the wool producers have worked out for themselves and supported, while I understand the same it not true among your own cotton producers at all in the way they are divided on this issue.

Mr. HAGEN of California. Is it not a fact that the issue of this deduction has to be submitted to the wool producers under the same formula presented in this bill?

Mrs. MAY. That is right. And there has never been any quarrel on that—87 percent of the producers and 91 percent of the volume, represented in the last referendum, approved the checkoff.

Mr. HAGEN of California. And a dollar is a dollar, and whether it comes from the sale of a bale of cotton or a payment, it means that the farmer has $1 less. The wool producers endorse it and you support the Wool Act, so in consistency you should support this.

Mrs. MAY. I see no inconsistency in opposing the principle of mandatory checkoffs on a nationally produced product which is in surplus—as against a commodity where checkoff is made from Government funds to stimulate demand for a deficit commodity.

Mr. BELCHER. Mr. Chairman, I yield 5 minutes to the gentleman from Arizona [Mr. RHODES].

(Mr. RHODES of Arizona asked and was given permission to revise and extend his remarks.)

Mr. RHODES of Arizona. Mr. Chairman, I find myself regretting the position I am in, also. I have very seldom opposed the American Farm Bureau Federation and almost never opposed the gentlewoman from Washington who preceded me on the floor of the House. However, I am compelled to do so in this instance. In my own district there is difference of opinion as to the merits of this bill. I think the majority of my cottongrowers are in favor of it. Some are against it. However, I am speaking today out of conviction which is born of experience. The experience comes mainly from my having been rather closely associated with the growers of long staple cotton ever since I have been in the Congress of the United States. The long staple cottongrowers many years ago organized the Supima Association and voluntarily allowed deductions of $3 per bale for the purpose of promoting the use of long staple cotton and for research in its uses. This effort was eminently successful. I might say to my good friend from Arkansas [Mr. GATHINGS], that I do not take off my hat to his shirt at all. I am wearing today a Supima cotton shirt made from long staple cotton. It is white, and it is beautiful.

Mr. GATHINGS. That is a good shirt, too. No doubt about it.

Mr. RHODES of Arizona. I thank the gentleman from Arkansas. However, I do not see any reason why, if one group of cottongrowers can find it advantageous to spend their own money to develop their own product that another group of cottongrowers should be denied this privilege. The legislation which we have before us today is permissive legislation. It would allow the short staple cotton farmer, to tax himself $1 a bale. This program can go into effect only after a referendum is held and two-thirds of those voting or two-thirds of the bales of production represented by those voting are in the affirmative. If the plan is adopted, then the Secretary of Agriculture is authorized to appoint from the eligible cotton organizations, a Cotton Board. This Cotton Board is responsible for planning and prosecuting a program aimed at developing markets for cotton and cotton products, and for research in cotton production and processing.

In other words, not only do these growers use their own money, but they are mainly responsible for the manner in which the money is expended.

Mr. Chairman, the bill provides also that there would be a veto power vested in the Secretary of the Department of Agriculture concerning the programs which the cottongrowers may promulgate. But I submit, Mr. Chairman, that this is not any different from the situation which exists in other marketing orders. There is nothing unique about it. It provides only for the Federal Government to protect itself from a Board which might conceivably turn out to be irresponsible. It provides a safety valve which I believe is necessary, and which certainly should be contained in any legislation of this type.

Now, Mr. Chairman, suppose the cotton farmer does not want his money put into this particular program? There is also provision that if he wants to get the money out—if this dollar per bale has not been expended in accordance with his wishes—or if he does not want it spent for this purpose at all, he can get the money back. It is voluntary. It is different from the present situation in that initially the farmer's dollar is put into the fund. But he can get it out. Under the present situation if he wants to put the money in the CPI he can do so. I suppose the only difference is that this bill provides that he must make an overt act to get his money back; whereas, under the present situation he can remain idle and keep his money. I suppose many farmers like it this way. But if they really need their money they certainly can expend the energy which is necessary to have the money returned. Suffice it to say, most of the farmers that I know of, the ones who are contributing the most to CPI now, are in favor of this bill. I believe the fact that many growers who will put in from $35,000 to $45,000 to $60,000 for the purposes of the bill certainly is evidence that those who are most involved, those who are most concerned with the cotton industry, are in favor of the provisions of this bill.

The CHAIRMAN. The time of the gentleman from Arizona has expired.

Mr. BELCHER. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. RHODES of Arizona. Then, Mr. Chairman, to complete the story, if the farmers growing cotton do not like this program, it is entirely possible for them to terminate it. The program may be terminated in two ways. In the first place, the Secretary of the Department of Agriculture himself can terminate the program. The second way in which the program can be terminated is for 10 percent of the growers to decide that they want it terminated and demand an election to be held for that purpose. If only 50 percent of the growers who had voted in the first referendum representing 50 percent of the production vote in favor of termination, termination will be a fact.

So, Mr. Chairman, to me it adds up something like this: These are people who want to use their own money to promote their own product. But they will take care beautifully of the minority of the members who might not be impressed with this effort at all, by returning their money.

Mr. Chairman, I believe this is in the best traditions of American free enterprise, and I see nothing whatsoever wrong with it.

Mr. WAGGONNER. Mr. Chairman, will the gentleman yield?

Mr. RHODES of Arizona. I yield to the gentleman from Louisiana.

Mr. WAGGONNER. Mr. Chairman, I thank the gentleman from Arizona for yielding. The gentleman is making a splendid statement explaining this legislation and I agree with his point of view. I usually do.

The gentleman comes from a State of the West which produces a great deal of cotton. The gentleman says his cottongrowers favor this legislation. I believe, without any reluctance whatsoever, the cottongrowers in Louisiana have taken exactly the same position. They believe this is an overdue opportunity that has been provided to help them promote a sick industry. Certainly the cotton industry needs some help. I believe we would be doing these people in the cotton business a great favor in letting them try this promotion and research program which they want to try with their own money. Certainly no one can deny them that right. I support and Louisiana cottongrowers support this legislation.

Mr. RHODES of Arizona. I thank the gentleman from Louisiana, and I agree with the gentleman.

Mr. SENNER. Mr. Chairman, will the the gentleman yield?

Mr. RHODES of Arizona. I yield to the gentleman from Arizona.

Mr. SENNER. I thank my distinguished colleague for yielding, and I wish to commend him for a fine, concise statement of facts with reference to H.R. 12322.

Mr. Chairman, I wish to associate myself with the remarks which have been made by the gentleman from Arizona, and to state that I am going to support this legislation. It is good and sound legislation, and should be passed.

The CHAIRMAN. The time of the gentleman from Arizona has again expired.

Mr. BELCHER. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. HAGEN of California. Mr. Chairman, will the gentleman yield?

Mr. RHODES of Arizona. I yield to the distinguished gentleman from California.

Mr. HAGEN of California. Mr. Chairman, I merely wish to commend the gentleman from Arizona on his very excellent presentation, which again demonstrates his great ability and knowledge of this subject.

Mr. RHODES of Arizona. I thank the gentleman from California, and assure the gentleman that those feelings are reciprocated.

Mr. BELCHER. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. FINDLEY].

(Mr. FINDLEY asked and was given permission to revise and extend his remarks.)

Mr. FINDLEY. Mr. Chairman, lest there be any misapprehension on the point, the Federal Government has been deeply involved in cotton research for a good long time. If this bill is enacted and becomes law and some of the checkoff money is used to finance cotton research, the money is not likely to be plowing new fields.

At the present time the taxpayers are chipping in about $18 million a year to finance research into cotton. I just checked with the agriculture subcommittee on appropriations to verify that point.

Now this would authorize a program under which perhaps $12 to $14 or $15 million a year might be collected for the purpose of research among other activities. Considerable stress has been placed on the possibility that this money would be spent for research. Perhaps there is a glimmer of hope and encouragement for taxpayers, and I would like to ask some of those who are advocating this bill for a little colloquy on this point perhaps to make a little legislative history that might further encourage the taxpayers.

I would like to address this question to the majority side on the committee. Can the taxpayers expect that the amount appropriated for research into cotton will be reduced proportionately by the amount that is spent for research out of the funds collected from this checkoff program?

Mr. POAGE. No, you cannot, because the Government is not spending that kind of money for promotion. The Government is not spending that kind of money.

Mr. FINDLEY. The Subcommittee on Appropriations just informed me and, of course, they may be in error, that the spending amounts to $18 million a year by the Federal Government for research into cotton. As I say, they may be in error, but that is the best information I have.

Mr. POAGE. Well, the gentleman realizes, of course, that most of that is for production research and not for promotion.

Mr. FINDLEY. Then may I assume from that the research activities financed by this checkoff money would not involve any production research whatever?

Mr. POAGE. Certainly, you can assume that. That is what I would assume although, of course, the bill as written allows both research and promotion.

Mr. FINDLEY. And the research would be entirely research on promotion?

Mr. POAGE. This is promotion, yes—to try to sell the product.

Mr. FINDLEY. I see—well then, the taxpayers cannot hope that as a result of this bill the amount they are spending on cotton research will be decreased by even $1? Could I be correct in that assumption?

Mr. HAGEN of California. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I am glad to yield to the gentleman from California.

Mr. HAGEN of California. No. 1, even if there were not any reduction, this additional increment would not even bring research on cotton close to the amount of money spent on research on synthetics. There is need for additional inputs and this bill will tend to establish the fact that these inputs should not come entirely from the Federal Government. Now there is provision in this bill for expenditure on research. It is true the Government has many research projects but you know the difficulty of dealing with Government bureaus. This organization would be much more flexible and could respond more rapidly, shall we say, to the needs for certain types of cotton research than the existing Government program.

Mr. FINDLEY. The comments of the gentleman from California seem to be at odds with the comments made by the gentleman from Texas. I assumed from the comments made by the gentleman from Texas that the research spending arising from these checkoff dollars would not be devoted to production research whatever but entirely to research on public relations techniques and promotion.

Mr. POAGE. Mr. Chairman, if the gentleman will yield, I must point out to him that those words are his own words when he uses such words as "entirely" and "exclusively" and that sort of thing. The gentleman asked me if we could assume certain things. I told the gentleman that I would assume this, and I do assume this. I assume that this Board would devote the bulk of its energy and of its funds to promoting the sale of cotton products. I still assume it and I think that is a safe assumption.

Mr. FINDLEY. Then I assume from what the gentleman says that it is not likely that the checkoff money will be spent for that type of research.

Mr. POAGE. That is right. I think it is quite unlikely.

Mr. FINDLEY. I thank the gentleman. That helps to clarify the question. Spending on research by the taxpayers will probably continue at least at the present level and if history is any guide, that level will increase in the future rather than decrease.

I might say that judging from comments I hear from the taxpayers, they are getting a little bit tired of pouring money into costly ineffective cotton programs. The annual cost of the present program is close to a billion dollars a year. I cannot give the exact figure but some of the estimates were over $750 million as given by administration witnesses last year. The Secretary of Agriculture recently made a statement in which he said straight out that he was wrong about the effectiveness of the cotton program authorized in 1964. It did not work and he admits it.

To a great extent the Secretary of Agriculture is the architect of the cotton program which was enacted in 1965. I wonder if next year he will announce that he was wrong on that, too. The bill before us today is a product of the same people who have been advocating costly and ineffective cotton programs in the past. This is not really very comforting news for American taxpayers. This bill would put another half million dollars into this big hole into which we have been pouring hundreds of millions and even billions of dollars into under the label of "cotton legislation."

I feel that what cotton really needs is less Government involvement and not more Government involvement. Almost all of the problems that are faced by the land of cotton today can be traced right to the door of the Federal Government, caused by these unwise, ineffectual programs that have been scattered over a period of 30 years.

Is this a Government program? I thing in all fairness to the English language we should acknowledge that it is a Government program. The checkoff would be imposed by the authority of the Federal Government. The Secretary of Agriculture would sit on top of the program from one end to the other. Of course, there are guidelines for the Secretary of Agriculture, but he is the one who would make the final decisions every step of the way. He would select the men to serve on the Cotton Board. He might select them from names submitted to him in accordance with the language of the legislation, but he need not.

If you will look on the bottom of page 8 of the bill you will find language there that is general enough to let the Secretary put on the Cotton Board just about anybody he wants to. He can make a determination that will let him do that.

The money that is collected is Government money, not private money, because this is, indeed, a Government directed program.

Is it compulsory? There is no question but what the checkoff is compulsory. The cotton farmer must pay the $1. Of course, there is a refund possibility here, but it is not clear just how the mechanism would work.

There is language on the last page of the bill which suggests to me that the offices of the U.S. Department of Agriculture could not legally be used in any way in regard to the refund procedure. I draw your attention to the last sentence of section 19 on page 22 of the bill. This language clearly seems to prohibit the use of any appropriated money for the operation of this marketing order program as it is called.

The farmers, of course, would have some way that they could apply for a refund. Someone in jest suggested that they might go through the Red Cross to get the refund back. But certainly whatever route is used, it is intended to be cumbersome to discourage farmers from getting a refund.

Mr. RESNICK. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I am glad to yield to the gentleman from New York.

Mr. RESNICK. Is it not true that this is basically enabling legislation, that all we are doing here is permitting the cotton farmers, the people involved, to vote whether they want a program like this?

Mr. FINDLEY. I am glad the gentleman has raised that point and I will deal with it right now.

The legislation would give the Secretary the authority, of course, either to use the unit or volume approach in the referendum. A two-thirds vote would be required, but he could make the choice whether it would be unit or volume.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BELCHER. Mr. Chairman, I yield 5 additional minutes to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman.

Much has been said about the opportunity of just 10 percent of the cotton farmers to bring about another referendum—as if this were a protection of minority rights. It is not even a protection of majority rights, because in this new referendum the Secretary could once more determine whether it is to be on a volume basis or on a unit basis.

No one disputes the fact that under volume vote procedure, about 14 percent of the cotton farmers in the United States could control the referendum and impose this mandatory $1-a-bale checkoff on the rest of the cotton farmers of the United States. So the 10 percent initiative opportunity really does not amount to very much, because it places right back in the hands of the Secretary the right to have a volume basis for the second referendum.

I will ask the gentleman, or anyone who wants to comment on it, if there is any way that this 10-percent initiative could be so constructed as to require the Secretary to use the unit basis—rather than volume basis—for the second referendum? If so, I think this would be an excellent time to clarify the point.

Mr. DOLE. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I am glad to yield to the gentleman from Kansas.

Mr. DOLE. I should like at this point to ask a question which perhaps the gentleman has already answered. Is it not possible, in the event this bill passes and in a referendum two-thirds of the cotton farmers approve, for someone to sell their cotton without paying $1 a bale?

Mr. FINDLEY. I know of no way that cotton could be sold legally without paying the $1 a bale.

Mr. DOLE. In other words, a handler might say, "I will buy your cotton." If he did that, as I understand it, he would be subject to prosecution or something.

Mr. FINDLEY. The gentleman is correct. Perhaps the gentleman could be more specific as to the fine he might encounter as a result of that action.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Texas.

Mr. POAGE. Will the gentleman explain what there is in the bill to keep any man from selling his cotton? What provision of this bill relates to that?

Mr. DOLE. That is what I am trying to find out. Can a person sell cotton without paying $1 a bale?

Mr. POAGE. He can if he can get someone to gin it.

Mr. FINDLEY. The gentleman will agree, as a practical matter, that no ginner wants to pay a fine merely to accommodate a friend who wants to sell a bale of cotton.

Mr. POAGE. I agree that a man cannot sell unless he has a buyer.

Mr. FINDLEY. So there is no market without the $1 a bale checkoff.

Mr. POAGE. As the question has been presented, it was that a man could not sell. There is not a word here which relates to selling.

Mr. FINDLEY. I am certain the gentleman intended to put "as a practical matter" into the question.

Mr. DOLE. Mr. Chairman, if the gentleman will yield further, section 13(b) says:

(b) Any person who willfully violates any provision of any order issued by the Secretary under this Act, or who willfully fails or refuses to pay or remit any assessment or fee duly required of him thereunder, shall be liable to a penalty of not more than $1,000 for each such offense—

I am not sure whether that would be for each bale, or for what. If a person bought 50 bales from a producer, without collecting $50, would he be subject to a fine of $50,000, or $5,000?

Mr. FINDLEY. I suppose that could go up to a $50,000 fine, but I imagine a $1,000 fine might be a sufficient incentive to get the man to "fly right."

Mr. TEAGUE of California. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I am glad to yield to the gentleman from California.

Mr. TEAGUE of California. I would not believe that either the gentleman from Illinois or my good friend the gentleman from Kansas would approve of any situation in which handlers would be allowed to accumulate hundreds or even thousands of dollars, keeping no records, which would make possible an embezzling of the money without the man being subjected to a fine.

That is all the language proposes.

Mr. FINDLEY. I say to the gentleman from California that we have passed a lot of legislation in the last couple of years dealing with the problems of poverty-stricken people, and a great many cotton farmers are small farmers who may have incomes below the $3,000 net income level now defined as the poverty level. There is no provision in this bill to set aside a mandatory checkoff of $1 a bale even for those who are in the poverty class.

Mr. DOLE. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I am glad to yield to the gentleman from Kansas.

Mr. DOLE. I am certainly sympathetic to the aims of the people who sponsor this bill, and to the bill itself, and to what it proposes to do. The question I have relates to whether there is some way we can make it voluntary, so that the producer who does not want to pay $1 a bale and wants to sell his cotton without paying $1 a bale will be able to do so. I recognize that this is difficult.

Mr. FINDLEY. If it were a purely voluntary program we would not need a bill, any more than hog and cattle producers have needed legislation in order to have a purely voluntary and effective promotion program over the past 45 years. They have a voluntary checkoff at the markets, not only for the producers but also for the processors and the middlemen. They all "chip into the pot," and this has made possible a successful promotion arrangement. There is no reason why the same type of arrangement would not work for the land of cotton.

Mr. HAGEN of California. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from California.

Mr. HAGEN of California. In response to one of the questions raised earlier, this program conceivably could result in a reduction of the cost of expensive Government research, or a least foreclose the possibility of an acceleration of it. In addition, it is designed to increase the sale of cotton.

I can see that potentially this involves great savings in support of the program itself.

I should like to ask a question. Does the gentleman support the milk marketing order program of the Federal Government?

Mr. FINDLEY. I believe the whole marketing order system ought to be reexamined. I have grave doubts about all marketing orders.

In response to the statement in regard to savings that can be anticipated by taxpayers of the future, I recall that in 1964 the leaders of the Committee on Agriculture and administration spokesmen told us of $500 million a year in benefits to the consumers, and additional

reduced tax costs which they definitely said would result from the 1964 cotton program. Instead, consumer prices of cotton goods are up, and the cost of the cotton program increased about $250 million a year.

Therefore, I do not have too much confidence in predictions of future savings for the American people resulting from new Government programs.

Mr. HAGEN of California. It has not really been established that such a cost came about as a result of that program, or that it would not have been larger without the program, but this proposal does hold out a hope for farmers to improve the sale of cotton through their own efforts, through paying for it themselves rather than going to Uncle Sam for an increase in income.

Mr. FINDLEY. Since the enactment of the so-called one-price cotton program the cost of cotton to the mills has gone down and stayed down. The cost of cotton products to the consumer has gone up and kept climbing.

The mill margin—that is, the difference between the cost of raw materials and the cost of finished products—has kept climbing steadily, almost every month, since that legislation was enacted. It has been a bonanza for the mills and no help to consumers.

I do not understand how anybody could contend that the American people are better off as a result of the cotton programs enacted in recent years.

I remind the Members that the same people who cooked up these earlier programs are now advocating the bill that is before the House today.

Mr. RESNICK. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I am glad to yield to the gentleman from New York.

Mr. RESNICK. The gentleman was commenting on the research aspects of this particular bill. I believe the gentleman knows that there are various areas of research. Research covers a broad range of purposes.

As I understand the bill, the research will go toward finding new ways to utilize our cotton.

Now, is this the gentleman's understanding of research? Not research in better ways to grow cotton but research in better ways to utilize it.

Mr. FINDLEY. I will have to admit to the gentleman that the research planned under this bill are certainly not clear to me. I came here assuming that it would be production research, in order to find ways to reduce the cost of growing cotton, but I think it is more likely to be spent on Madison Avenue in order to try to find better techniques for television, for radio, and for newspaper advertising promotion.

Mr. RESNICK. If the gentleman will yield further, I think the gentleman is aware of the fact that Madison Avenue does its own research itself.

Mr. FINDLEY. Then, we do not need this bill.

Mr. RESNICK. But as I understand this bill, this research is strictly to find better ways to utilize cotton, which the gentleman will agree with me we have lots of. If we could find new ways to utilize it, the American consumer will certainly benefit.

Mr. FINDLEY. I will just repeat my earlier comment. I feel what we need is less Government action in the field of cotton and not more. This bill proposes new field of Government action in the land of cotton.

Mr. RESNICK. I assume that the gentleman, then, is simply against Government action in this field no matter what it is.

Mr. FINDLEY. Based on a review of 30 years of sad experience with the Federal cotton legislation I have a very dubious and skeptical attitude of any benefits flowing from new Federal cotton programs.

Mr. Chairman, this bill is in essence a proposal to establish a sales tax on the transfer of cotton from producers to handlers. This sales tax or assessment would be paid for by the farmer and would be collected by the handler who would forward it to a Cotton Board created under the auspices of the Secretary of Agriculture. The receipts would be used to promote the consumption of cotton and to conduct further research on this important fiber.

The method of collection and refund is not altogether dissimilar to that presently in effect on gasoline used by farmers. When a farmer buys gasoline for his farm trucks and machinery, he pays the Federal tax which is included in the price of the gasoline. The gasoline tax is remitted by handlers of gasoline to the U.S. Government. Later, a farmer desiring a refund applies to the Internal Revenue Service and in due course receives his refund.

I do not contend, of course, that this bill is a tax in the technical sense. Only that it has the same effect and is collected and refunded in a similar manner. I draw this analogy only to illustrate that it is the farmer who pays it.

If cotton farmers want to pay these assessments or sales taxes or whatever one may choose to call them, that is one thing. But this bill should not be considered as one which will stand as a precedent for other commodities. Each commodity is different and each has its own particular problems and conditions.

Obviously, if a great number of commodities were subject to a checkoff procedure similar to that proposed by H.R. 12322, farmers would be overwhelmed by dozens of checkoffs and refunds.

Why? Because nearly all farmers grow more than one crop, and sometimes they grow crops which compete against each other. So let us not let this bill stand as a blueprint for everyone else in agriculture. Let us consider it as a singular provision applying to one crop that is experiencing severe marketing problems and one of which the Government owns an alltime high inventory.

This bill is unique. It is opposed by two of the largest farm organizations. The Farm Bureau and the Farmers Union agree on this one. They both say "No," recognizing that this proposal is no solution to the vexing problems in the land of cotton.

It would sanction a referendum to compel cotton farmers to pay assessments amounting to $1 a bale—perhaps more later—to finance cotton promotion and research. A few big farmers could force the assesment on all farmers—even those in the poverty class. Theoretically, farmers could get refunds, but the refund route is admittedly so circuitous it would discourage all but the most persevering.

It would authorize a special Cotton Board to receive and disburse the checkoff money. Whether the Board would be fish or fowl is not clear. Proponents of the legislation insist that the Board and the money it handles would be nongovernmental, but curiously the U.S. Secretary of Agriculture would sit on top of the whole heap, appoint all members of the Board and approve—or reject—each and every activity, even to an item veto over spending plans and expenditures.

The best guess is that the U.S. Department of Agriculture field offices and personnel would be utilized—at taxpayer expense—at least to the extent of handling refund paperwork. In any case the departmental report which accompanied the legislation estimated the taxpayers will need to provide about $50,000 a year for administrative expense, in addition to $400,000 for the initial referendum.

It thus appears likely that this will be one of the most governmental nongovernmental activities on record.

The central question—Should the Federal Government sanction a scheme to force cotton farmers to pay assessments for cotton promotion?—resembles closely the question of compulsory union membership cnsidered last year by the House of Representatives. Those who voted against repeal of section 14(b) of the Taft-Hartley law, it would seem, will find this proposal unacceptable for the same reasons. But will they? The countdown may be interesting. When the vote is recorded, I look forward to a long evening trying to reconcile, last year's vote tally on 14(b) repeal and this year's upcoming tally on the "14(b)" style cotton program.

Another question which deserves attention: Is it in the public interest to establish the precedent of placing the Secretary of Agriculture in charge of a program under which millions of dollars are passed out, on a selective basis, to buy TV and radio time, newspaper and magazine space, and—who knows—perhaps even a few discreetly located billboards?

This responsibility could lead to tribulations without end, as, for example, the Secretary is forced to choose between a spot on the Johnny Carson show or a choice location near Drew Pearson's column. Think of the panic ahead in the White House if the Secretary finds it impossible to stretch the checkoff dollars far enough to cover simultaneously a saturation sales pitch on men's sweatshirts and one of the virtues of 100-percent cotton underwear for milady. To choose? Aye, there's the rub—and I speak not of Cannon towels—will it be

Time, Newsweek, or U.S. News? Issues of smaller movement have caused governments to topple. Remember, for want of a nail a kingdom was lost. And who can foretell? A misdirected checkoff dollar might have a Texas-sized impact on a popularity poll?

The dangers ahead are incalculable. Cotton is but one of more than 200 farm commodities, each competing with the others for the consumer's dollar. Will the Secretary of Agriculture one day be directing national sales promotions for 200 different commodities; or will he bear down in behalf of just 1—cotton—to the exclusion of others?

And what will be the effect on privately financed sales promotions? Is this the first step in the ever-increasing role for Government in direct advertising?

Someone suggests that the industry-controlled Cotton Council could be the unseen guiding spirit giving professional direction to this program. The thought is not entirely comforting. The Cotton Council was one of the sponsors of the ill-fated, costly, and ineffective "one price" cotton program of 1964. It might be hard for the council to keep separate its legislative and product promotions.

Advertising is a great thing, provided it's handled privately and financed on a voluntary basis.

One of the best examples is the voluntary checkoff which helps to finance meat promotion carried on by the National Livestock and Meat Board. It's entirely nongovernmental and noncompulsory. More than 60 percent of farmers cooperate. Handlers and processors chip in too.

I see no reason why a similar arrangement cannot work for cotton. On the other hand, I can see many reasons why a Government-directed promotion scheme financed by compulsory checkoffs, as provided in H.R. 12322, should be rejected.

Mr. MORTON. Mr. Chairman, any substantial increase that may be enjoyed by cotton in its share of the textile market will primarily come about because of advances in technology in the processing of this fiber. It will come from better marketing of finished goods. It will come from new utilization of specialty cotton products.

Certainly, from the industry point of view, research directed toward the development of this new technology would be worthwhile and, in fact, necessary for the survival of the industry. This is a basic problem to the growth and development of the processors of nearly all raw materials. The increased research programs of the food processors, mineral processors, and fiber processors, indicates their recognition of the value of research and the necessity for it.

But to assess the individual grower is completely out of line and against the very tradition of American competitive commerce. The grower pays for research when he buys a ton of fertilizer, when he buys a new plow, when he buys the clothes for his family. If the application of H.R. 12322 to the cottongrower should become the law of the land, then why not apply the same technique to potatoes, to corn, to all the other commodities. The setting up of a coordinated, centralized Government research program which, once launched, will be free from congressional oversight, at the expense of the individual producer, will only dampen the keenness of competition within the industry and will create a false sense of security among producers. This is not the way to bring cotton into its rightful place in the market, and is not the way to manage industrial research in this country.

I rise in strong opposition to this measure and ask my colleagues to look beyond the facade which this bill presents. If they study it in depth, I am sure they will see that to put the Department of Agriculture and the Secretary into this kind of research and sales promotion will be uneconomical and very questionable as to its productivity.

Mr. POAGE. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. RESNICK].

(Mr. RESNICK asked and was given permission to revise and extend his remarks.)

Mr. RESNICK. Mr. Chairman, I rise in support of H.R. 12322 and wish to commend to the distinguished chairman of the Committee on Agriculture for his authorship and leadership of this progressive and farsighted legislation now before this House. I have spoken in the past regarding problems existant in the cotton industry and the regions where it it located. I am now sincerely and genuinely delighted to be able to commend this industry and the chairman for coming before this House with a measure that is progressive and in the best American tradition of self-help. This legislation will, under democratic safeguards, allow cotton farmers to participate directly in a meaingful self-help program vital to their survival. It will enable all segments of this great industry to unite in meaningful promotion and research programs so sorely needed. The approach embodied in this farsighted legislation—that of allowing the producer to make a direct and voluntary contribution to the marketing, advertising, and utilization research effort of the industry—normally, areas far removed from producer influence, is truly remarkable and progressive.

In short, I believe that this bill will permit farmers at least to have a halfway chance in competing with manmade fibers which are rapidly stealing the cotton markets. I think that in years to come, unless something is done, cotton might very well go the way of the dodo bird.

Mr. BELCHER. Mr. Chairman, I yield 5 minutes to the gentleman from Maryland [Mr. MATHIAS].

(Mr. MATHIAS asked and was given permission to revise and extend his remarks).

Mr. MATHIAS. Mr. Chairman, I come before the committee in the spirit of one who is seeking greater light. I am neither a cotton farmer nor a member of the Committee on Agriculture. I must confess that there is a great deal about this subject that I do not understand, but I think we have to consider it not only as it bears upon the immediate problems of cotton farmers but the problems of the whole country and problems with which we all have to deal. As I understand it, we have before the House a proposal to use the taxing power of Government to force farmers to contribute to an advertising and research program for cotton. It may be—certainly from what I know of agriculture in my own State of Maryland, it may be—that the cotton industry, not only just the farmers but the entire industry, needs additional programs of research and promotion. If so, I would support the efforts of that industry to raise the necessary funds from the producers and the handlers and the manufacturers on a voluntary basis. I can see no reasons why these contributions would not be treated as ordinary business expense. I cannot, however, support the use of the power of the Federal Government to extract funds from farmers for support of programs of this type.

Mr. Chairman, the President recently sent to the Congress a message in which he pointed out that poverty is relatively more widespread in rural areas than in urban areas, and that much of this rural poverty is concentrated in the Cotton Belt.

It is a fact that I do not think can be disputed, that among the rural poor are thousands of families, many of them members of minority groups, who eke out an existence on small cotton farms, producing only a few bales of cotton each per year. These are Negro and Mexican-American families. They are industrious, they are hard-working people. But in many cases they are the victims of modern agricultural technology. Like many Maryland farmers, their operations are too small to permit them to buy a lot of expensive modern machinery. Their costs of production are relatively high, as compared with the large corporate farmers. Their profits are small.

Now, Mr. Chairman, the bill, as I understand it, would extract from the meager incomes of these families even the relatively small amount represented by the $1 per bale assessment.

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. MATHIAS. Yes, I yield to the gentleman from Arizona.

Mr. RHODES of Arizona. Is the gentleman from Maryland aware of the fact that a farmer can, upon application, without giving any reason whatsoever, receive his $1 per bale back?

Mr. MATHIAS. I am well aware of that, but it does appear to me—and I have had a little experience with this—that the average farmer with, perhaps, a low educational level would find it difficult to collect this money, even under the procedures which to the corporate accountant would seem very simple.

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield further?

Mr. MATHIAS. I would be happy to yield further to the gentleman from Arizona.

Mr. RHODES of Arizona. I believe that the farmers for which the gentleman is expressing concern—and there is some reason for concern, certainly—if that farmer needed this $1 a bale back as badly as the gentleman from Mary-

land portrays, he would find the ways and means to go through the necessary procedures to get the money back.

I believe the pogram we have here is the very antithesis of taxation because it is in effect, voluntary. If it were not voluntary I believe the gentleman's analogy would be proper.

Mr. MATHIAS. Mr. Chairman, I would like to address myself to the question of whether it is really voluntary and in this connection I am thinking of the small farmer, not the big, rich, corporate farmer, but the small farmer.

Is it voluntary from his point of view? I believe we should consider whether the small farmer would be afforded the full requisites of a voluntary program.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. BELCHER. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. MATHIAS. Mr. Chairman, I know it is argued that these people are going to be afforded an opportunity to vote on a compulsory checkoff before it is instituted. But I think that this is a fallacious argument, because under the terms of the legislation, if the gentleman will consider carefully it can be adopted by farmers who produce two-thirds of the cotton grown in the country at the present time. I further believe that this would mean that an affirmative vote of only about 15 percent of the cottongrowers could put this program into effect. This means, in effect, the rich could tax the poor. I believe, Mr. Chairman, that this could represent a very travesty upon democracy.

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield further?

Mr. MATHIAS. Just one moment, and I shall be glad to yield to the gentleman from Arizona.

I do not see how any friend of the family farmer, the small farmer, in the povery-stricken rural areas about which we hear a great deal from our President, or the friends of the Negro or the Mexican-American citizens, could be in favor of this legislation.

Mr. Chairman, I believe the Congress should seek the means of solving these problems and the problems of these people without adding to their already existing tax problems.

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. MATHIAS. Yes, I yield to the gentleman from Arizona.

Mr. RHODES of Arizona. As the gentleman knows, even if the referendum succeeds, the farmer can still get his money back, and the gentleman also knows that if the program is not popular with the farmers, 10 percent of the farmers who voted at the referendum can have the program reconsidered by another referendum.

Mr. MATHIAS. Let me say to the gentleman from Arizona that many constitutents of mine pay income taxes in varying amounts, and when they seek refunds they sometimes wait a year or more before they get the money back, and this is supposed to be a very simple process in theory, but in practice it does not work that way.

Mr. COOLEY. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. HAGEN].

Mr. HAGEN of California. Mr. Chairman, I want to say I represent many Mexican-American and Negro cottongrowers. This is not a minority issue. These people support this program. I read a publication of the Department of Agriculture the other day which stated, and I do not know the exact figure, but approximately 40 percent of the independently owned farms in the South are owned by Negroes. Presumably, many of them grow cotton. Since most of our southern delegation here are supporting this legislation, I assume they have the support of these Negro farmers in this effort.

Now as the gentleman from Arizona [Mr. RHODES], so very ably pointed out, this is a self-help program. This is an effort of the cotton industry to help itself without going to the Federal Treasury. Contrary to most marketing order programs which some Members of this body support, although there is only one distinction, these earlier programs and this program, here there is an escape hatch or a method of refunding. This was deliberately put in there to take care of the cases the gentleman from Maryland [Mr. MATHIAS], referred to. Incidentally, that one or two dollars that that fellow makes from growing cotton which would be deducted from his return is not the difference between greatly improving his situation or substracting from it. If you want to help him, you should support some of these other programs that have been proposed to help this poverty stricken farmer.

Again I say the thrust of this bill is to give the cotton farmers and the cottongrowers a tool whereby they can tax themselves to improve the acceptability of their product and to advertise their product in competition with the giant corporations that spend many millions of dollars more than the Department of Agriculture does on cotton research and promotion.

I do not see why any free enterpriser in the building could not support this kind of program.

Now the method of voting is in there to provide a double test of affirmation. It can be either two-thirds of those voting or the voters who represent two-thirds of the volume of production voting. This is to prevent a frustration of the needs of legitimate cottongrowers by people who are only part-time farmers and only are incidentally interested in the health of the cotton industry.

Mr. GATHINGS. Mr. Chairman, will the gentleman yield?

Mr. HAGEN of California. I yield to the gentleman.

Mr. GATHINGS. The gentleman from Illinois was referring to the amount of money that was made available for research by the Government of the United States on cotton which I believe he said amounts to some $18½ million. The purpose of this legislation is to see if we cannot in a little measure try to fill in that big gap between the $18½ million and the $200 million total that is now being used by manmade fibers for both research and promotion. So this is the real purpose of this legislation.

Mr. HAGEN of California. I want to say in that connection also, we all know the torturous process of getting a research program approved in the Department of Agriculture and then getting it funded for up here. I t is not a very flexible thing. There are many aspects of research which do not deal directly with marketing or production. For example, methods of cotton ginning and the use of artificial heat to dry cotton. This all affects the quality of the cotton. This organization of this Board with this money could engage in that type of research to improve the quality of the fiber itself so that it can compete with nylon and dacron and all these synthetic fibers.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. HAGEN of California. I yield to the gentleman.

Mr. FINDLEY. With reference to the $200 million figure given by the gentleman from Arkansas, I am sure the gentleman in the well will agree that the $200 million is provided voluntarily and not as the result of any Government compulsion whatever. Would not the gentleman agree with that?

Mr. HAGEN of California. Which $200 million?

Mr. FINDLEY. The gentleman referred to the money spent for promotion in behalf of synthetic fabrics—$200 million, was the figure he mentioned.

Mr. HAGEN of California. Well, it is spent by Du Pont and a handful of large corporations.

Mr. FINDLEY. But it is a voluntary action and not the result of any Government compulsion.

Mr. HAGEN of California. They do not exactly consult with their stockholders, and their stockholders in any event vote according to the shares held.

Mr. FLYNT. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Fifty-five Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 32]

Annunzio	Fisher	Nix
Aspinall	Fuqua	O'Brien
Baldwin	Giaimo	O'Hara, Mich.
Cameron	Griffin	Powell
Colmer	Gubser	Robison
Corman	Hanna	Rostenkowski
Dague	Harsha	Scott
Dawson	Hawkins	Steed
Devine	Hays	Teague, Tex.
Diggs	Herlong	Toll
Dowdy	Jones, Ala.	Tunney
Dwyer	Jones, Mo.	Willis
Edwards, Calif.	Macdonald	Wilson, Charles H.
Edwards, La.	Matthews	
Evins, Tenn.	Miller	
Feighan	Murray	

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MCFALL, Chairman of the Committee of the Whole House on the State of

the Union, reported that that Committee, having had under consideration the bill H.R. 12322, and finding itself without a quorum, he had directed the roll to be called, when 385 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. COOLEY. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. SISK].

Mr. SISK. Mr. Chairman, the legislation that we have before us today is not new in the field of agriculture. It does not represent any precedents whatsoever.

I would hope the membership in consideration of this legislation would recognize that for 30 years the Agricultural Adjustment Act has provided for programs such as would be involved here with reference to cotton.

My own particular district and particularly the State of California has for 30 years had a series of operating and functioning marketing orders of various types and kind. As a part of a great many of these orders, we have had provision for promotion, the so-called checkoff system or whatever you want to call it, where the grower himself has an opportunity to set aside a fund to provide for research for investigation into new usages for promoting the sale and in every way possible to draw as much favorable attention to his product as possible.

The national marketing order on raisins has for many years, of course, had the right to use funds where the grower put up so much money per ton on the raisins that he processes for the purpose of advertising or sales promotion or investigation of new usages.

Today in this piece of legislation we are simply providing so far as the cotton industry is concerned exactly the same type and kind of program.

Many of us I am sure are concerned about the involvement of Government in agriculture and our desire to see subsidies as such reduced as rapidly as possible to the point where the American taxpayer would no longer be required to subsidize in the area of American agriculture.

For many years it has been my considered belief that the best method of eliminating the so-called subsidy programs for American agriculture is through the self-help type program, including marketing orders and other proposals, under which the Government would be involved only in one area, and that would be to set up the mechanism or provide the vehicle for the farmer himself to organize and to develop his own programs, to make a determination through his own elected boards as to the type and kind of marketing that they desire to indulge in, and to provide funds for promotion, research, and the development of new uses for the commodities.

Mr. Chairman, I respect the views of my good friend from Illinois [Mr. FINDLEY]. But I am rather amazed to find him in a position where, it seems to me, he is opposing basically what I call self-help programs. It is my understanding from the statements which the gentleman has made many times in the past that he is desirous of doing the very thing that I have indicated, that is, getting the Government out of subsidizing agriculture programs.

It seems to me that unless we provide the mechanics so that the farmer can go ahead on his own and set up programs which he, himself, will control and which he, himself, will put up the money for promotion and sales, we will simply continue to be confronted with this need for subsidization.

I should like to make one further comment. In my own area we market over 200 different kinds of agricultural commodities. The only supported commodity that my area grows at the present time happens to be cotton. It is one of the few crops in which we are not operating under a marketing order.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SISK. Mr. Chairman, will the gentleman from North Carolina yield me an additional minute?

Mr. COOLEY. Mr. Chairman, I yield only 1 additional minute to the gentleman from California.

Mr. SISK. I will simply conclude by saying that I appreciate the attention of my good friend from Illinois, and I hope that he will give consideration to the use of marketing orders and to the use of programs by which the farmer can go ahead and develop funds and develop committees to control and operate his program as the best possible means of getting out from under these subsidized and tightly controlled programs such as those with which we have been confronted in the past.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Illinois.

Mr. FINDLEY. Is the gentleman suggesting that we need legislation to authorize self-help? We have self-help in the livestock industry without legislation and have had it for 45 years.

Mr. SISK. I am suggesting that it is necessary, and the only place that I think the Government should fit in at all is to furnish the necessary mechanics to provide the farmers an opportunity to develop and control their own program.

(Mr. SISK asked and was given permission to revise and extend his remarks.)

Mr. TEAGUE of California. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from California [Mr. SISK] has expired.

Mr. BELCHER. Mr. Chairman, I yield the gentleman from California [Mr. SISK] 2 additional minutes.

Mr. SISK. I thank the gentleman. I yield to my colleague.

Mr. TEAGUE of California. Mr. Chairman, I would like to take this opportunity, inasmuch as there are more Members on the floor than there have been at some previous times during this debate, to express my full agreement with the sentiments expressed by the gentleman from California and to make it entirely clear that this is not another costly cotton subsidy program. It is a self-help program which will only go into effect if the farmers, themselves, approve of it.

It will be operated with their own money, other than the cost of holding the election the first year in a small amount, and to administer the program thereafter.

In my view, it is truly a voluntary self-help program. If the farmers do not like it, they can get out from under it and call the whole thing off, and the individuals who had supported it would get their money back. I think it is highly important that we all understand that. I commend the gentleman from California for having pointed it out.

Mr. SISK. I wish to express my appreciation to my colleague from California and also my colleague, the gentleman from Oklahoma [Mr. BELCHER] for yielding me the time. I think it is important that we recognize that this measure is only enabling legislation, and unless two-thirds of the farmers who would be affected in this commodity vote to support the program and to put it in effect, there would be no program. Certainly to me there is nothing more democratic.

In the final analysis, the farmers would put up the money. They, themselves, would provide the money to do the job that they would be enabled to do under this enabling act. I hope that we recognize that this is a bill which represents a step in the direction of freeing agriculture and permitting those engaged in this field to operate in an open, free marketplace.

If we are ever to get back into that area, this will be the way in which that end will be accomplished.

Mr. HALL. Mr. Chairman, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Missouri.

Mr. HALL. I should like to ask about the two-thirds majority provision referred to on page 13, lines 3 through 8. Would not that language give the Secretary of Agriculture the option of either counting heads, or if he does not then have a two-thirds majority, could he not as an alternative count the bales produced in order to get the two-thirds majority? To me this seems a new deviation from the two-thirds referendum rule contained in all marketing orders which the United States now has.

Mr. SISK. If I correctly understand the language of the bill, I believe it is on all fours exactly with all other legislation providing for the requirement of a two-thirds vote, either by individuals or by production. I think it is important to be consistent in this act.

Mr. HALL. I think it is not consistent because it says he may count bales if he does not have the two-thirds of heads.

Mr. BELCHER. Mr. Chairman, I have no further requests for time, and I reserve the balance of my time.

Mr. COOLEY. Mr. Chairman, I yield 1 minute to the gentleman from Arkansas.

Mr. GATHINGS. Mr. Chairman, if I may have the gentleman's attention, I

have the Agricultural Marketing Agreement Act of 1937, having to do with 33 commodities that have the very same provision the gentlemen are now complaining of. That is the volume provision which has been written into this act.

On page 302, under the title "Producer Referendum," it says this:

For the purpose of ascertaining whether the issuance of an order is approved or favored by producers or processors, as required under the applicable provisions of this title—

And so on.

The requirements of approval or favor under any such provision shall be held to be complied with if, of the total number of producers or processors, or the total volume of production, as the case may be, represented in such referendum—

That is in the law today.

Mr. HALL. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. That is in the law today, but these commodities have that same provision.

I yield to the gentleman from Missouri.

Mr. HALL. I appreciate my good neighbor from the South yielding, and I appreciate his enthusiasm for this bill. My question is not an objection. It is simply a request for technical information.

Reading the bill itself, on page 13, lines 3 to 8, it says very plainly, if I understand the language—and I am certain I do—that it must be favored by not less than two-thirds of the cotton producers voting in such a referendum, or by cotton producers who have produced at least two-thirds of the cotton volume.

Mr. GATHINGS. That is what I just read to you out of the law on the statute books on the 33 commodities.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. BELCHER. Mr. Chairman, I yield 1 additional minute to the gentleman from Arkansas.

Mr. GATHINGS. I thank the gentleman. I appreciate it.

Mr. HALL. Mr. Chairman, if the gentleman will continue to yield—and I appreciate that, as well as the action of the ranking minority member of the Committee on Agriculture—this provides for counting cotton bales instead of heads. We went through this less than 2 years ago on the major farm bill, wherein we developed the question of whether or not cooperatives would vote for their people or not, or whether it was going to be an individual referendum of farmers on the land. This is not a referendum of farmers on the land on cotton. Its a matter of principle that is involved, not a question of existing or past laws.

Mr. GATHINGS. There are 33 commodities now on the statute books. Counting tokay grapes, winter pears, cranberries, Bartlett pears, olives, Oregon or California potatoes, there are 33 of them.

I want to say to the gentleman, also, a bill came on this floor a few months ago that had to do with 14 commodities. The purpose of it was to have paid advertising included in the original act, to include paid advertising. It passed this House by unanimous consent. It provided for that same two-thirds by volume.

Mr. HALL. I appreciate the gentleman's response. But it is a principle, not the number of items, that is involved. There should be far less legislating by unanimous consent, in my opinion, regardless of the age of the cited law.

Mr. FOGARTY. Mr. Chairman, my opposition to the bill now before us is unqualified.

This is a barefaced attempt to use the power of the Government of the United States to create a $15 million slush fund that would be collected from the cotton producers of this Nation.

If this kind of legislation is allowed to proliferate, we soon will be faced with similar requests from peanut men, from corn men, from yam men—you name them—from all kinds of men interested in using the power of Government to put together slush funds.

The proponents of this legislation claim that the cotton producers need this legislation because the industry is in such sad shape. Now, I agree that the cotton industry is not in good condition, but I think I can say, along with some other Members of this Chamber, that many of us saw it coming over the last several years when we opposed legislation that was destined to harm the cotton industry. Notwithstanding, the Congress enacted the legislation, and, as predicted, the cotton industry's troubles have mounted.

For many years, the cotton industry has been promoted by the National Cotton Council which has raised money from the voluntary contributions of cotton producers and others. I emphasize the word voluntary. Certainly, the amount of money raised has not been inconsiderable.

But, as the cotton industry's troubles have multiplied, men interested in the business have searched, out of desperation, for other ways. One of these so-called solutions now is before us—it invokes the great power of the Federal Government to collect money for a single commodity; a cotton tax.

Proponents of this legislation say glibly that this bill is not compulsory upon cotton producers because, apparently under some involved scheme, a producer could get his money back after the checkoff if he made a request in writing.

If, as the proponents claim, this bill is indeed voluntary, why is there need to invoke the power of the Federal Government to collect promotion money for cotton?

My position is that I am wholeheartedly for any self-help steps any industry wants to take. In fact, I applaud such measures and I will encourage them in any way I can.

But, I refuse categorically to be part of a slush fund created under the dark cloud of the possibility of Government coercion.

Mr. Chairman, I represent a northern constituency. I note with great interest an editorial which appeared only yesterday in a large newspaper that is widely regarded as the most authoritative voice of cotton interests in the South. I am pleased to read that this great newspaper of the cotton-producing areas agrees with me wholeheartedly. It makes its point loudly and clearly.

I offer for the benefit of my fellow Members an editorial published on Wednesday, March 2, 1966, by the Memphis Commercial-Appeal:

DOLLARS FOR COTTON

The proposed dollar-a-bale cotton promotion fund has run into opposition from the American Farm Bureau Federation, the National Farmers Union and from at least one Member of Congress.

The opposition of the Farm Bureau and of Representative PAUL FINDLEY, Republican of Illinois, centers around the involvement of the Secretary of Agriculture in the proposed program and the method of collection of the funds.

Mr. FINDLEY has charged that it would be a compulsory checkoff system similar to the union dues checkoff system in labor circles. He also questions whether it is in the public interest to have the Secretary of Agriculture in charge of a program under which millions of dollars would be doled out for advertising and promoting cotton.

Proponents of the plan in turn charge that it is being grossly misrepresented by the critics. They say it will not be compulsory because any producer who objects to contributing to the fund can claim a refund of the deduction. And, they say, the role of the Secretary would be limited to appointment of the committee to supervise collections from lists provided by growers in the cotton States. Spending, they explain, would be supervised by a separate group of producers over whom the Secretary would exercise no control.

The proposal is due to come to the floor of the House tomorrow for a decision.

The charges of the Farm Bureau and Representative FINDLEY are serious and the proponents had better offer fuller explanations of their stand than they have given publicly thus far.

Any proposal that requires payment into a fund is incompatible with American concepts of business. Other groups have voluntary contribution plans to promote sale of their products. Those funds are firmly controlled by those who make the contributions. The individual does not have to ask for refunds of his own money after it has been arbitrarily taken from him.

Such funds represent millions of dollars a year. They are a temptation to some to use them for purposes far removed from what they were originally intended. And when the door is opened for any measure of influence over them by appointed officials of Government they always are in danger of becoming slush funds for such officials.

The plan that Chairman HAROLD COOLEY, Democrat, of North Carolina, of the Agriculture Committee is bringing to the floor does not appear to have the safeguards that individual producers should expect. It should be shelved in the interests of the individual producers who can decide how they want their cotton dollars spent without intervention in any form by the Federal Government.

From my own constituency, I also have received a request to oppose this legislation.

Expressing an attitude common in the noncotton-producing areas of the Nation, Mrs. Corinne Ramos, secretary of the Rhode Island Farm Bureau, wired me today as follows:

While we are not directly affected by cotton legislation, we feel if bill becomes law, a precedent may be set for many commodity groups to use the power of the Federal Government to collect funds from producers. We feel that any funds raised for the purpose of promoting any farm commodity should be on a voluntary basis, administered by nongovernmental organization of producers. We do not believe in compulsory checkoffs on any products.

Mr. PURCELL. Mr. Chairman, it is a pleasure to be able to rise today to speak in support of this legislation.

I support H.R. 12322 because I am convinced that a program of expanding research and promotion of cotton is absolutely necessary.

This bill is merely enabling legislation which would authorize a self-help voluntary program to facilitate a farmer-financed and farmer-operated research promotion program for cotton.

Under this bill no action can be taken until there is a public hearing and the program has been approved by not less than two-thirds of the producers voting in the referendum, or two-thirds of the cotton production of those voting. The bill provides for a uniform method by which producers may contribute $1 per bale. Any farmer who does not wish to participate may, by a timely request, get his money back. If the program is not working to the satisfaction of the producers, it can be rescinded easily. If only 10 percent of the producers who voted in the original referendum ask for a new referendum to determine if the program should continue, and if 50 percent of those voting oppose continuation, then it must be discontinued.

The bill is entirely voluntary. It is nothing more than a vehicle to permit people to help themselves if they choose to do so. The bill is written in the finest tradition of a government working for and through its people on their own terms and in their behalf. The Congress would be remiss in its responsibility if we failed to give the cotton producer this opportunity to help himself.

There is an additional consideration which we must not overlook in our thinking on the bill today. By July 1 it is estimated that Government stocks of cotton in storage will be 16 million bales which is more than 1 year's full production. It is in the national interest, as well as in the interest of cotton producers, that steps be taken to develop uses and markets for cotton. Because the producers are willing to do so at their own expense we should be particularly willing to support them by passing this bill today.

Manmade fibers competing with the cotton industry are made by some of the largest corporations in the country, and have almost unlimited research and advertising funds. They long ago recognized the value of research and promotion in developing uses, markets, and demand for their products. Some of these fibers cost much more than cotton and have little or nothing to offer in the way of additional advantages. Still, with the intensified marketing programs on these synthetic fibers, they continue to take over more and more of the American textile market.

It is estimated that these synthetic fiber manufacturers will spend $200 million this year, with $130 million going for research and $70 million for advertising.

This bill will only partially counteract their huge expenditures but it is a step in the right direction, and we must not stand in the way.

Mr. HANNA. Mr. Chairman, today Congress is considering legislation that is of utmost importance to the cotton industry of the Nation, and particularly of California. The Cotton Research and Promotion Act is a milestone in the industry's history. It is essential that cotton once again regain its competitive position on the world market. This can only be accomplished by a comprehensive and in-depth research and promotion program.

Such a program will need the united effort of the Nation's cotton producers. The Cotton and Promotion Act of 1966 will provide the vehicle and necessary machinery to produce that essential united effort.

Mr. Chairman, at the 47th annual meeting of the Agricultural Council of California, the importance of cotton to California's economy was made abundantly clear. Cotton is one of California's leading cash crops, and it accounts for more than $300 million of fresh income annually from the sale of its seed and fiber. Needless to say, cotton provides thousands of jobs for Californians when you consider the number of people involved in the harvesting, processing, and production phases of the industry.

As many Members realize that despite research efforts sponsored by the Cotton Producers Institute, the national carryover has been increasing even though the national cotton acreage allotment quota has been steadily more restrictive. This has seriously affected the U.S. cotton worldwide marketing position.

In addition, American technology's invention of a wide range of manmade fibers has seriously affected the cotton market. Increasingly higher shares of the textile market dollar have been diverted into manmade fiber. Unless cotton becomes competitive, manmade fibers will continue to take an ever-increasing share of the textile market.

Unless the cotton industry at once begins an all-out program of research and promotion, it may face an impossible marketing situation in the very near future. We cannot afford to allow the cotton industry to go under. Such an event would have a most serious effect upon our economy as well as the lives of thousands of Americans.

The Cotton Research and Promotion Act is a step in the right direction; it is a step that will allow the cotton industry to help itself. Nothing less is acceptable.

Mr. COOLEY. Mr. Chairman, I have a number of other speakers, but they have all agreed to relinquish their time.

The CHAIRMAN. If there are no further requests for time, the Clerk will read.

The Clerk read as follows:

H.R. 12322

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be known as the Cotton Research and Promotion Act.

LEGISLATIVE FINDINGS AND DECLARATION OF POLICY

SEC. 2. Cotton is the basic natural fiber of the Nation. It is produced by many individual cottongrowers throughout the various cotton-producing States of the Nation. Cotton moves in large part in the channels of interstate and foreign commerce and such cotton which does not move in such channels directly burdens or affects interstate commerce in cotton and cotton products. All cotton produced in the United States is in the current of interstate or foreign commerce or directly burdens, obstructs, or affects interstate or foreign commerce in cotton and cotton products. The efficient production of cotton and the maintenance and expansion of existing markets and the development of new or improved markets and uses is vital to the welfare of cottongrowers and those concerned with marketing, using, and processing cotton as well as the general economy of the Nation. In the years since World War II, United States cotton and the products thereof have been confronted with intensive competition, both at home and abroad, from foreign-grown cotton and from other fibers, primarily manmade fibers. The great inroads on the market and uses for United States cotton which have been made by manmade fibers have been largely the result of extensive research and promotion which have not been effectively matched by cotton research and promotion. The production and marketing of cotton by numerous individual farmers have prevented the development and carrying out of adequate and coordinated programs of research and promotion necessary to the maintenance and improvement of the competitive position of, and markets for, cotton. Without an effective and coordinated method for assuring cooperative and collective action in providing for, and financing such programs, individual cotton farmers are unable adequately to provide or obtain the research and promotion necessary to maintain and improve markets for cotton.

It has long been found to be in the public interest to have, or endeavor to have, a reasonable balance between the supply of and demand for cotton grown in this country. To serve this public interest the Congress has provided for the comprehensive exercise of regulatory authority in regulating the handling of such cotton supplemented by price-support programs with the objective of adjusting supply to demand in the interest of benefiting producers and all others concerned with the production and handling of cotton as well as the general economy of the country. In order for the objective of such programs to be effectuated to the fullest degree, it is necessary that the existing regulation of marketing be supplemented by providing as part of the overall governmental program for effectuating this objective, means of increasing the demand for cotton with the view of eventually reducing or eliminating the need for limiting marketings and supporting the price of cotton.

It is therefore declared to be the policy of the Congress and the purpose of this Act that it is essential in the public interest through the exercise of the powers provided herein, to authorize and enable the establish-

ment of an orderly procedure for the development, financing through adequate assessments on all cotton harvested in the United States, and carrying out an effective and continuous coordinated program of research and promotion designed to strengthen cotton's competitive position and to maintain and expand domestic and foreign markets and uses for United States cotton.

COTTON RESEARCH AND PROMOTION ORDERS

SEC. 3. To effectuate the declared policy of this Act, the Secretary shall, subject to the provisions of this Act, issue and from time to time amend, orders applicable to persons engaged in the harvesting, marketing, ginning, or other handling of cotton, hereinafter referred to as handlers. Such orders shall be applicable to all production or marketing areas, or both, in the United States.

NOTICE AND HEARING

SEC. 4. Whenever the Secretary has reason to believe that the issuance of an order will tend to effectuate the declared policy of this Act, he shall give due notice and opportunity for a hearing upon a proposed order. Such hearing may be requested and a proposal for an order submitted by any cotton producer organization certified pursuant to section 14 of this Act or by any other interested person or persons, including the Secretary. The consideration and formulation of the terms of any such proposed order for submittal to the Secretary or the carrying out or compliance with any provision of this Act or any order or regulation issued pursuant thereto shall not be held to be in violation of any of the antitrust laws of the United States and shall be deemed to be lawful.

FINDING AND ISSUANCE OF AN ORDER

SEC. 5. After notice and opportunity for hearing as provided in section 4, the Secretary shall issue an order if he finds, and sets forth in such order, upon the evidence introduced at such hearing, that the issuance of such order and all the terms and conditions thereof will tend to effectuate teh declared policy of this Act.

PERMISSIVE TERMS IN ORDERS

SEC. 6. Orders issued pursuant to this Act shall contain one or more of the following terms and conditions, and except as provided in section 7, no others.

(a) Providing for the establishment, issuance, effectuation, and administration of appropriate plans for projects for the advertising and sales promotion of cotton and its products and for the disbursement of necessary funds for such purposes: *Provided, however,* That any such plan or project shall be directed toward increasing the general demand for cotton or its products but no reference to a private brand or trade name shall be made if the Secretary determines that such reference will result in undue discrimination against the cotton products of other persons: *And provided further,* That no such advertising or sales promotion programs shall make use of false or unwarranted claims in behalf of cotton or its products or false or unwarranted statements with respect to the quality, value, or use of any competing product.

(b) Providing for establishing and carrying on research and development projects and studies with respect to the production, ginning, processing, distribution, or utilization of cotton and its products, to the end that the marketing and utilization of cotton may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(c) Providing that handlers or any class of handlers maintain and make available for inspection such books and records as may be required by the order and for the filing of reports by such handlers at the times, in the manner, and having the content prescribed by the order, to the end that information and data shall be made available to the Cotton Board and to the Secretary which is appropriate or necessary to the effectuation, administration, or enforcement of the Act or of any order or regulation issued pursuant to this Act: *Provided, however,* That all information so obtained shall be kept confidential by all officers and employees of the Department of Agriculture and of the Cotton Board, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or upon the request, of the Secretary of Agriculture, or to which he or any officer of the United States is a party, and involving the order with reference to which the information so to be disclosed was furnished or acquired. Nothing in this section shall be deemed to prohibit (1) the issuance of general statements based upon the reports of a number of handlers subject to an order, which statements do not identify the information furnished by any person, or (2) the publication by direction of the Secretary, of the name of any person violating any order, together with a statement of the particular provisions of the order violated by such person. Any such officer or employee violating the provisions of this section shall upon conviction be subject to a fine of not more than $1,000 or to imprisonment for not more than one year, or to both, and shall be removed from office.

(d) Terms and conditions incidental to and not inconsistent with the terms and conditions specified in this Act and necessary to effectuate the other provisions of such order.

REQUIRED TERMS IN ORDERS

SEC. 7. Orders issued pursuant to this Act shall contain the following terms and conditions:

(a) Providing for the establishment and selection by the Secretary, of a Cotton Board, and defining its powers and duties, which shall include only the powers:

(1) To administer such order in accordance with its terms and provisions;

(2) To make rules and regulations to effectuate the terms and provisions of such order;

(3) To receive, investigate, and report to the Secretary complaints of violations of such order; and

(4) To recommend to the Secretary amendments to such order.

(b) Providing that the Cotton Board shall be composed of representatives of cotton producers selected by the Secretary from nominations submitted by eligible producer organizations within a State, as certified pursuant to section 14 of this Act, or, if the Secretary determines that a substantial number of producers are not members of or their interests are not represented by any such eligible producer organizations, from nominations made by producers in the manner authorized by the Secretary, so that the representation of cotton producers on the Board for each cotton-producing State shall reflect, to the extent practicable, the proportion which that State's marketing of cotton bears to the total marketings of cotton in the United States: *Provided, however,* That each cotton-producing State shall be entitled to at least one representative on the Cotton Board.

(c) Providing that the Cotton Board shall, subject to the provisions of subsection (g) of this section, develop and submit to the Secretary for his approval any advertising or sales promotion or research and development plans or projects, and that any such plan or project must be approved by the Secretary before becoming effective.

(d) Providing that the Cotton Board shall, subject to the provisions of subsection (g) of this section, submit to the Secretary for his approval, budgets on a fiscal period basis of its anticipated expenses and disbursements in the administration of the order, including probable costs of advertising and promotion and research and development projects.

(e) Providing that each handler of cotton, as prescribed by the order, shall collect from the producer or other person for whom the cotton, including cotton owned by the handler, is being handled, and shall pay to the Cotton Board, an assessment prescribed by the order, on the basis of bales of cotton handled, for such expenses and expenditures, including provision for a reasonable reserve, as the Secretary finds are reasonable and likely to be incurred by the Cotton Board under the order, during any period specified by him. The initial rate of assessment prescribed by the order shall be $1 per bale of cotton handled, and such rate may not be changed except by amendment of the order, recommended by the Cotton Board, approved by the Secretary, and adopted by cotton producers in a referendum pursuant to section 8. The Secretary may maintain a suit against any person subject to the order for the collection of such assessment, and the several district courts of the United States are hereby vested with jurisdiction to entertain such suits regardless of the amount in controversy: *Provided,* That the remedies provided in this section shall be in addition to, and not exclusive of, the remedies provided for elsewhere in this Act or now or hereafter existing at law or in equity.

(f) Providing that the Cotton Board shall maintain such books and records and prepare and submit such reports from time to time, to the Secretary as he may prescribe, and for appropriate accounting by the Cotton Board with respect to the receipt and disbursement of all funds entrusted to it.

(g) Providing that the Cotton Board, with the approval of the Secretary, shall enter into contracts or agreements for the development and carrying out of the activities authorized under the order pursuant to sections 6 (a) and (b), and for the payment of the costs thereof with funds collected pursuant to the order, with an organization or association whose governing body consists of cotton producers selected by the cotton producer organizations certified by the Secretary under section 14, in such manner that the producers of each cotton-producing State will, to the extent practicable, have representation on the governing body of such organization in the proportion that the cotton marketed by the producers of such State bears to the total cotton marketed by the producers of all States, subject to adjustments to reflect lack of participation in the program by reason of refunds under section 11. Any such contract or agreement shall provide that such contracting organization or association shall develop and submit annually to the Cotton Board, for the purpose of review and making recommendations to the Secretary, a program of research, advertising, and sales promotion projects, together with a budget, or budgets, which shall show the estimated cost to be incurred for such projects, and that any such projects shall become effective upon approval by the Secretary. Any such contract or agreement shall also provide that the contracting organization shall keep accurate records of all its transactions and make an annual report to the Cotton Board of activities carried out and an accounting for funds received and expended, and such other reports as the Secretary may require.

(h) Providing that no funds collected by the Cotton Board under the order shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsection (a) (4) of this section.

REQUIREMENT OF REFERENDUM AND COTTON PRODUCER APPROVAL

SEC. 8. The Secretary shall conduct a referendum among cotton producers for the

purpose of ascertaining whether the issuance of an order is approved or favored by producers. No order issued pursuant to this Act shall be effective unless the Secretary determines that the issuance of such order is approved or favored by not less than two-thirds of the cotton producers voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production of cotton, or by cotton producers voting in the referendum who, during such representative period, have produced at least two-thirds of the volume of the cotton produced.

SUSPENSION AND TERMINATION OF ORDERS

SEC. 9. (a) The Secretary shall, whenever he finds that any order issued under this Act, or any provision thereof, obstructs or does not tend to effectuate the declared policy of this Act, terminate or suspend the operation of such order or such provision thereof.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of 10 per centum or more of the number of cotton producers voting in the referendum approving the order, to determine whether cotton producers favor the termination or suspension of the order, and he shall suspend or terminate such order at the end of the marketing year, as defined in the order, whenever he determines that suspension or termination of the order is approved or favored by a majority of the producers of cotton voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production of cotton, and who produced more than 50 per centum of the volume of the cotton produced by the cotton producers voting in the referendum.

(c) The termination or suspension of any order, or any provision thereof, shall not be considered an order within the meaning of this Act.

PROVISIONS APPLICABLE TO AMENDMENTS

SEC. 10. The provisions of this Act applicable to orders shall be applicable to amendments to orders.

PRODUCER REFUNDS

SEC. 11. Notwithstanding any other provision of this Act, any cotton producer against whose cotton any assessment is made and collected from him under the authority of this Act and who is not in favor of supporting the research and promotion program as provided for herein shall have the right to demand and receive from the Cotton Board a refund of such assessment: *Provided,* That such demand shall be made personally by such producer in accordance with regulations and on a form prescribed by the Board an approved by the Secretary within thirty days from the date on which such assessment was collected, stating the name and address of the handler making the collection, the date of the collection, and the quantity of cotton involved, supported by statements in writing from the handlers in the manner and form prescribed by the Board and approve by the Secretary that the sum for which refund is sought was collected from such producer. A record of each demand for a refund shall be made and such record shall be a matter of public record. No producer requesting a refund shall be eligible to vote in any subsequent referendum until all amounts refunded to him have been repaid to the Cotton Board unless the Cotton Board in accordance with regulations issued under the order waives such repayment.

PETITION AND REVIEW

SEC. 12. (a) Any person subject to any order may file a written petition with the Secretary, stating that any such order or any obligation imposed in connection therewith is not in accordance with law and praying for a modification thereof or to be exempted therefrom. He shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations made by the Secretary. After such hearing, the Secretary shall make a ruling upon the prayer of such petition which shall be final, if in accordance with law.

(b) The district courts of the United States in any district in which such person is an inhabitant, or has his principal place of business, are hereby vested with jurisdiction to review such ruling, provided a complaint for that purpose is filed within twenty days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the Secretary by delivering to him a copy of the complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted pursuant to subsection (a) of this section shall not impede, hinder, or delay the United States or the Secretary from obtaining relief pursuant to section 13(a) of this Act.

ENFORCEMENT

SEC. 13. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating any order or regulation made or issued pursuant to this Act.

(b) Any person who willfully violates any provision of any order issued by the Secretary under this Act, or who willfully fails or refuses to pay or remit any assessment or fee duly required of him thereunder, shall be liable to a penalty of not more than $1,000 for each such offense which shall accrue to the United States and may be recovered in a civil suit brought by the United States.

CERTIFICATION OF COTTON PRODUCER ORGANIZATION

SEC. 14. The eligibility of each cotton producer organization to represent cotton producers of a cotton producing State to request the issuance of an order under section 4, and to participate in the making of nominations under section 7(b) shall be certified by the Secretary and shall be based upon a factual report submitted by the organization which shall contain information deemed relevant and specified by the Secretary for the making of such determination, including the following:

(a) Geographic territory within the State covered by the organization's active membership;

(b) Nature and size of the organization's active membership in the State, proportion of total of such active membership accounted for by farmers, a map showing the cotton-producing counties in such State in which the organization has members, the volume of cotton produced in each such county, the number of cotton producers in each such county, and the size of the organization's active cotton producer membership in each such county;

(c) The extent to which the cotton producer membership of such organization is represented in setting the organization's policies;

(d) Evidence of stability and permanency of the organization;

(e) Sources from which the organization's operating funds are derived;

(f) Functions of the organization; and

(g) The organization's ability and willingness to further the aims and objectives of this Act:

Provided, however, That the primary consideration in determining the eligibility of an organization shall be whether its cotton farmer membership consists of a sufficiently large number of the cotton producers who produce a relatively significant volume of cotton to reasonably warrant its participation in the nomination of members for the Cotton Board. The Secretary shall certify any cotton producer organization which he finds to be eligible under this section, and his determination as to eligibility shall be final.

REGULATIONS

SEC. 15. The Secretary is authorized to make such regulations with the force and effect of law, as may be necessary to carry out the provisions of this Act and the powers vested in him by this Act.

INVESTIGATIONS; POWER TO SUBPENA AND TAKE OATHS AND AFFIRMATIONS; AID OF COURTS; SELF-INCRIMINATION

SEC. 16. (a) The Secretary may make such investigations as he deems necessary for the effective carrying out of his responsibilities under this Act or to determine whether a handler or any other person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, or of any order, or rule or regulation issued under this Act. For the purpose of any such investigation, the Secretary is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents which are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpena issued to, any person, including a handler, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring such person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

(b) No person shall be excused from attending and testifying or from producing books, papers, and documents before the Secretary, or in obedience to the subpena of the Secretary, or in any cause or proceeding, criminal or otherwise, based upon or growing out of any alleged violation of this Act, or of any order, or rule or regulation issued thereunder on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

DEFINITIONS

SEC. 17. As used in this Act:

(a) The term "Secretary" means the Secretary of Agriculture.

(b) The term "person" means any individual, partnership, corporation, association, or any other entity.

(c) The term "cotton" means all upland cotton harvested in the United States, and, except as used in section 7(e), includes cottonseed of such cotton and the products derived from such cotton and its seed.

(d) The term "handler" means any person who handles cotton or cottonseed in the manner specified in the order or in the rules and regulations issued thereunder.

(e) The term "United States" means the continental United States.

SEPARABILITY

SEC. 18. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION

SEC. 19. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such funds as are neecssary to carry out the provisions of this Act. The funds so appropriated shall not be available for the payment of the expenses or expenditures of the Cotton Board in administering any provisions of any order issued pursuant to the terms of this Act.

EFFECTIVE DATE

SEC. 20. This Act shall take effect upon enactment.

Mr. COOLEY (interrupting the reading). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with, that it be printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The CHAIRMAN. The Clerk will state the first committee amendment.

Mr. COOLEY. Mr. Chairman, I do not know of any objection to any of these committee amendments. I ask unanimous consent that the committee amendments be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the committee amendments, as follows:

Page 7, line 16, strike out "section" and insert "subsection".

Page 8, line 6, strike out "order;" and insert "order, including the designation of the handler responsible for collecting the producer assessment;".

Page 8, line 14, following the words "within a" insert "cotton-producing".

Page 9, beginning on line 14, strike out "Providing that each handler of cotton, as prescribed by the order," and insert in lieu thereof the following: "Providing that the producer or other person for whom the cotton is being handled shall pay to the handler of cotton designated by the Cotton Board pursuant to regulations issued under the order and that such handler of cotton".

Page 9, beginning on line 23, strike out the sentence beginning with the words "The initial rate * * * " and ending on page 10, line 4, with the words "section 8." and insert in lieu thereof the following:

"To facilitate the collection and payment of such assessments, the Cotton Board may designate different handlers or classes of handlers to recognize differences in marketing practices or procedures utilized in any State or area, except that no more than one such assessment shall be made on any bale of cotton. The rate of assessment prescribed by the initial order shall be $1 per bale of cotton handled, and such rate may not be changed except by further order duly approved by the Secretary on the basis of a hearing and subject to approval by cotton producers in a referendum pursuant to section 8."

Page 11, line 4, strike out "each" and insert "such".

Page 11, line 5, after the words "of all" insert "cotton-producing".

Page 12, line 14, strike out "the cotton produced." and insert "cotton produced by such producers."

Page 14, line 1, following the words "a form" insert "and within a time period".

Page 14, beginning on line 2, strike out the words "within thirty days" and the balance of the section, through line 15 on page 14, and insert ", but in no event less than ninety days, and upon submission of proof satisfactory to the Board that the producer paid the assessment for which refund is sought, and any such refund shall be made within sixty days after demand therefor."

Page 14, line 19, following the word "order" insert "or any provision of such order".

Page 16, line 1, strike out "person" and insert "handler".

Page 16, line 3, strike out "pay" and insert "collect".

Page 16, line 14, following the word "based" insert "in addition to other available information".

Page 20, beginning on line 14, strike out "continental United States." and insert "50 States of the United States of America."

Page 20, following line 15, insert two new subsections as follows:

"(f) The term 'cotton-producing State' means any State in which the average annual production of cotton during the five years 1960–1964 was twenty thousand bales or more, except that any State producing cotton whose production during such period was less than such amount shall under regulations prescribed by the Secretary be combined with another State or States producing cotton in such manner that such average annual production of such combination of States totaled twenty thousand bales or more, and the term 'cotton-producing State' shall include any such combination of States.

"(g) The term 'marketing' includes the sale of cotton or the pledging of cotton to the Commodity Credit Corporation as collateral for a price support loan."

The amendments were agreed to.

AMENDMENT OFFERED BY MR. COOLEY

Mr. COOLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COOLEY: On page 5, strike out the sentence beginning on line 1 with the words "The consideration" and ending on line 7 with the words "to be lawful."

The amendment was agreed to.

Mr. THOMPSON of New Jersey. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and Members of the Committee, I find myself in a rather unique position today, and since I might amble a bit, I ask unanimous consent that I may revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. THOMPSON of New Jersey. Mr. Chairman, as you know, I have been a strong advocate of the repeal of section 14(b) of the Taft-Hartley Act which outlaws union shops. A lot of my friends here today from those great States involved in cotton agriculture have not agreed with that position. As a matter of fact, the record would show almost unanimous opposition on their part. I have great respect for them and for their actions. They are representative and they are conscientious. I am a little bit torn here because there is a bit of inconsistency in their arguments today vis-a-vis their arguments on 14(b).

Now, under the Taft-Hartley law, a closed shop is outlawed. I do not think any of the experts here would disagree on that. But only as related to section 8(b)(4)(a) is the union shop left up to the discretion of the States. As one who advocates the right of industrial workers to have a union shop, in order to be consistent, I suppose we should, those who share that point of view, support this legislation because it is a union shop within the cotton-producing industry. Our cotton growing friends are most democratic today—at least some are. I note with some interest that it requires a two-thirds vote, whereas in a union shop the employees of the union under the Taft-Hartley Act, if they have a mere one-vote majority, have a right to ask for union organization. They are denied that in most of the cotton-producing States. That is where I am a bit torn, Mr. Chairman. It seems hardly fair for me to say to the cotton producers, "You must, 66⅔ percent of you, vote to have this closed shop which you want to set up," when in most of these States 75 percent of the employees of an industrial shop, if they want a union, could not have it. Now, to be consistent, I suppose, I should end up voting for this thing. I just do have a couple of reservations about it.

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of New Jersey. Yes. I yield to the gentleman.

Mr. RHODES of Arizona. I hope the gentleman will support the legislation but not necessarily for the reasons he has given.

Mr. THOMPSON of New Jersey. I decline to yield any further, Mr. Chairman. I will revise and extend remarks with my friend later.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of New Jersey. Yes. I yield to the gentleman.

Mr. FINDLEY. His comments raise an intriguing possibility. I notice there has been some difficulty in repealing the right-to-work provision of the Taft-Hartley law.

Mr. THOMPSON of New Jersey. Yes, there has been difficulty. Let that be a matter of record.

Mr. FINDLEY. There was difficulty, and this legislation may provide the answer. It provides for a level of the checkoff fee.

Mr. THOMPSON of New Jersey. May I interrupt the gentleman on my own time?

Mr. FINDLEY. I am merely trying to be helpful.

Mr. THOMPSON of New Jersey. If the union member does not want his dues used for political purposes, he has the right for them not to be used. That is a matter of law. I assume that this right built in for the cotton producer is in recognition of the fairness of that principle.

Mr. FINDLEY. May I continue my constructive suggestion?

Mr. THOMPSON of New Jersey. The only thing about which I am really worried is whether ultimately the producer passes the thing along to the poor little city boy who is the consumer? Generous though they be, I doubt that the cotton producers will donate their dollars to the consumers. I just believe that it is a rather generous act on the part of our distinguished colleagues from the cotton States, to recognize that if people work together and organize together and vote together in a democratic fashion they can have mutual benefits. I believe that this is a splendid approach.

Mr. HAGEN of California. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of New Jersey. I cannot yield to the gentleman, because I do not have enough time. I shall yield in a minute if I obtain more time.

Mr. Chairman, I believe this is a very splendid principle. I wonder, however, if there should not be some modification, however modest, in the required voting principle, and why should a simple majority be enough?

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of New Jersey. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. I intend to offer an amendment to that effect as soon as the gentleman has concluded.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. THOMPSON of New Jersey. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

Mr. RHODES of Arizona. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. RESNICK. Mr. Chairman, I move to strike the requisite number of words.

(Mr. RESNICK asked and was given permission to revise and extend his remarks.)

Mr. RESNICK. Mr. Chairman, I am sorry that I have to disagree with my distinguished friend and colleague, the gentleman from New Jersey [Mr. THOMPSON]. However, I would like to point out to the gentleman that I too voted for the repeal of section 14(b). However, I believe in this case we are comparing the proverbial oranges and apples.

Also I would like to remind the distinguished gentleman from New Jersey that I was very grateful and happy for the support, and as a matter of fact the gentleman introduced a bill similar to the one that I introduced, which would call for an egg marketing order.

Basically, these bills simply represent American democracy in its finest form.

Mr. Chairman, let us permit the people involved to vote. This cannot be compared to a closed shop or a union shop or anything else.

Mr. JOELSON. Mr. Chairman, will the gentleman yield to me at that point?

Mr. RESNICK. I am glad to yield to my colleague, the gentleman from New Jersey.

Mr. JOELSON. Mr. Chairman, what is democratic about having a vote based upon production rather than upon the number of people voting? That seems to me like having a vote based upon the amount of income a person has.

Mr. RESNICK. I am glad that the gentleman from New Jersey has asked that question. There appears to be two different ways of voting, one based upon the number of farmers involved, and the other based upon the volume. This is a fact of life in the farming business with which we have to reckon. But, basically, it still calls for enabling legislation.

Mr. Chairman, if we pass this bill all we are saying to the cotton farmers of America is that they have the right to vote. That is all. If we defeat this bill we are saying that we are denying them the right to vote. Again, my distinguished colleague, the gentleman from New Jersey [Mr. THOMPSON] joined me in the bill with reference to the egg marketing order calling for this right to vote. My proposed egg marketing order had the same provision.

Mr. THOMPSON of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. RESNICK. I yield to the gentleman from New Jersey.

Mr. THOMPSON of New Jersey. Because I ran out of time, and because my friend, the gentleman from Arizona [Mr. RHODES], objected, and I never reached a conclusion, I am going to ask for more time on another amendment if my friend from Arizona will not again object.

Mr. RESNICK. Will my distinguished colleague, the gentleman from New Jersey [Mr. THOMPSON] please forgive me for jumping to conclusions? However, if we are going to liken this to a union situation, other than the initial vote that we are talking about, there is no demonstrative purpose to be served. Anyone who is in the cotton business can vote on this, and you certainly will not preclude anyone from going into the cotton business or selling cotton, or anything else. This is simply a bill which will permit the cotton growers to decide whether or not they want the tool to help them compete with the largest chemical companies in the United States.

Now, Mr. Chairman, when the very fine companies like Du Pont or Allied Chemical or Eastman Kodak, or many, many others decide they want to spend money on research and new methods to utilize their products, they have the money with which to do it. Unfortunately, the cotton farmer cannot do that.

Mr. Chairman, I honestly believe that there is a basic principle involved here, and the basic principle is to permit our farmers to vote in order to determine their own future.

Mr. GATHINGS. Mr. Chairman, will the gentleman yield?

Mr. RESNICK. I am very happy to yield to the gentleman from Arkansas.

Mr. GATHINGS. The gentleman mentioned the fact that the corporations could make a determination; that their board members could vote up to the amount of stock that they have in that corporation, could they not?

Mr. RESNICK. That is right.

Mr. HAGEN of California. Mr. Chairman, will the gentleman yield?

Mr. RESNICK. I yield to the gentleman from California.

Mr. HAGEN of California. Mr. Chairman, I would like to point out to the gentleman that the South is not the only place where cotton is grown. There is cotton grown in other areas. Cotton is grown in the district represented by the gentleman from Arizona [Mr. RHODES], it is grown in New Mexico, and there is a lot of cotton grown in California in the district represented by the gentleman from California [Mr. TUNNEY] and myself, and in the district represented by the gentleman from California [Mr. SISK]. Therefore we have an interest in this program, and we supported the repeal of section 14(b). We would hope that we would have some help from others on this situation.

Mr. RESNICK. I thank the gentleman for correcting me, and for my oversight. Again I say that this is something for all cotton farmers.

AMENDMENT OFFERED BY MR. ABERNETHY

Mr. ABERNETHY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ABERNETHY: On page 13, line 6, change the comma to a period and strike out the remainder of section 8.

Mr. ABERNETHY. Mr. Chairman and Members of the Committee, I represent 20,830 cotton farmers. Regrettably, I find myself in disagreement with my colleagues on the committee who are sponsoring the bill.

I am glad that the gentleman from New Jersey [Mr. THOMPSON] made his speech. He is as right as he can be. The southern Members of this House—a lot of them here who voted against repeal of 14(b) last year, also know he is right.

Cotton does have some troubles now. There is no question about that. It is most distressing. But we are not going to solve the problems through the media of panic. We are not going to solve them through the media of ill-considered—and I say that in all respect to everyone sponsoring this legislation—I repeat we are not going to solve this through the media of ill-considered legislation.

The gentleman from Missouri, Dr. HALL, who raised the question a moment ago about the manner of submitting the referendum is also right. When it is represented to this House that this is identical with the marketing orders of 33 citrus and vegetable marketing orders, they are just simply, and I will say, honestly, mistaken.

I called the Solicitor's office of the Department of Agriculture and asked how many marketing orders have been put into effect by a two-thirds vote by volume. They told me that not in one instance were any of these marketing orders—and I hold the list of them here in my hand that have been exhibited to this House—not one of these orders has been put into effect on the basis of a two-thirds vote by volume.

Mr. GATHINGS. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I yield to the gentleman.

Mr. GATHINGS. Well, the gentleman is speaking the truth.

Mr. ABERNETHY. Well, thank you.

Mr. GATHINGS. That is the absolute truth. But he did not say that it

was not written into the law—that two-thirds volume was required by law—two-thirds of the volume of the commodity.

Mr. ABERNETHY. I just want the Members of the Committee to know that with reference to this volume business, there is not an instance where the Federal Government has invoked a marketing order by volume.

Furthermore, this is not a marketing order bill. They are simply using the marketing order machinery to establish a means of exacting from these farmers a dollar a bale. That is all. This will not be a marketing program.

The farmer has no voice in it after it goes into the hands of the Cotton Board. When they get his dollar, it is all over so far as the farmer is concerned—except that he can take his hat in hand and walk around to the county ASC office—be labeled as a noncooperator—apologize—bear the ignominy and the humiliation that goes with it—and say, "Will you please give me my dollar back?". That is the situation. This is wrong.

This is a hard speech for me to make. I have friends here today from my district who feel that they favor this bill. I repeat, this is a hard speech for me to make. This bill, as I stated in the Committe on Rules, has caused me to lay awake at night. It has worried me. I want to help clean it up just a little bit. And I think we are going to make some progress. If we adopt this it will help the bill and leave us where we can go along and subordinate our personal feeling about a checkoff to a two-thirds approval of our farmers.

This amendment I have offered does just this, ladies and gentlemen, it just says if we are going to have a referendum let us have a referendum by the farmers and not by the bales of cotton.

You know, we have been pushed a good deal around Mississippi in regard to this voting business. We are getting awfully anxious to vote down there. I am trying to cooperate here today by providing for a vote by the farmers. That is all. I am merely saying, "Let us vote," and if two-thirds of the farmers vote for the program, then all right. If you leave the bill as it is written, then only 13.8 percent of the cotton producers can invoke the program.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ABBITT. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for an additional 5 minutes.

Mr. ABERNETHY. I should like to have only an additional 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi for an additional 5 minutes.

Mr. ABERNETHY. Let us see how consistent we will be if we adopt my amendment. We have had referendums across the farm belt for a long time. There are five basic commodities: wheat, rice, peanuts, tobacco and cotton.

The wheat referendum requires a two-thirds vote by head count, not by bushels of wheat. I hold in my hand the law, though I do not have time to read it. They vote on a rice referendum every year, and that referendum requires a two-thirds head count, not bushels of rice.

The peanut referendum requires a two-thirds vote by head count, not tons of peanuts. Here is the law on the tobacco; it requires a two-thirds vote by head count.

The annual referendums are voted upon in my community and in all communities from the Carolinas to California every year for the invocation of marketing quotas and acreage allotments, and they require a two-thirds vote by head count for approval.

If I had a 10-acre allotment and my friend across the road has a 100-acre allotment, and our votes count identically the same. They do not weigh our pocketbooks.

Mr. Chairman, I am not against people being big. That is what has made my country great. I have told my son many times that I am so happy and so proud that he was born in a country where he can become just as big and just as strong, so long as he remains within the law, as his talent and will commands. I am not fighting big people. I have some in my district and they are friends of mine. But I just do not want to depart from the customary manner in which elections are conducted. Help us keep them, please. Vote for my amendment.

Mr. POAGE. Mr. Chairman, I move to strike out the last 10 words.

The CHAIRMAN. The gentleman from Texas is recognized for 5 minutes.

Mr. POAGE. Mr. Chairman, I believe that we have drifted too far astray from the issue before us. We are not considering the adoption of a marketing quota. We are not considering compelling anyone to do anything. We are considering whether we shall have a voluntary program that will enable our farmers to effectively carry out the cotton promotion program that they are now trying to carry out.

Let me explain briefly what faces cotton farmers. Many farmers are now contributing $1 a bale on cotton that is ginned for the purpose of promotion. Many of the gins are making the collections. In the cotton industry the gins are the reasonable places to make the collection. Every bale of cotton must come through a gin. You can't use a bale of unginned cotton. You can't wear it; you can't eat it; you can't use it in any way unless it is ginned. You have to take it through a gin.

Over most of the cotton-growing areas—not merely in the South—there are more gins than are necessary because we have reduced the cotton acreage. We used to grow 43 million acres of cotton, and it is down this year to the point at which we will be growing less than 12 million. You can understand why competition is so severe among those gins.

Suppose we have a gin over here——

Mr. THOMPSON of New Jersey. I resent that indication.

Mr. POAGE. You can be one of the ginners. You and the gentleman from Arkansas [Mr. GATHINGS] will operate gins. The gentleman from South Carolina [Mr. RIVERS] is growing cotton. Suppose his farm is about the same distance from each of you. He can take his cotton to either gin.

Finally, when the competition gets severe, you announce that you are not going to make the collection of $1. In effect, it allows the gentleman from South Carolina to gin at your gin for $1 less than it would cost him to gin at the other gin. The result is that he brings you his cotton, but immediately the gentleman from Arkansas cuts his price $1, and the thing spreads all over the Cotton Belt. That is what has happened.

In order to avoid that, we have said in this bill that we will set up this Board, which will be a board of cotton producers named by the Secretary of Agriculture, that this Board will receive the funds, and that the gins will have to make the deduction of $1 a bale. Each one of you will have to make the deduction.

So the gentleman from South Carolina will take his bales to whomever he wants. Then, if he does not want to contribute anything—unlike section 14(b), under which he cannot get a refund, where the money remains out of his pocket—he can go or write the board and say, "I want my money back." This bill specifically provides that he has to be given his money back. His money is given back.

This avoids, however, the competitive situation which has been destroying the ability of the gins to be the collecting agencies. This bill provides for an effective collection agency. It provides that if the man does not want to contribute, all he has to do is ask for his money back, and it will be given back to him regardless of to which gin he goes. No one gin has a monopoly. Any gin will will give him back his money.

This is a voluntary proposition. The result under this provision is utterly different from the one referred to by the gentleman from Mississippi. There is no more relationship to mandatory marketing quotas on cotton than there was to the 14(b) proposal of the gentleman from New Jersey [Mr. THOMPSON].

This is utterly different from either proposal, because the man can get his money back. I do not know why it should require a majority of either growers or of production. Each man votes for himself and he is a 100 percent majority as far as his money is concerned.

The farmer does not need a referendum of any kind. He does not need a referendum, because all he has to do is to write his own referendum, by coming in and writing out his request for a refund. He will get his refund.

To me, it does not seem to make much difference what the provisions of the referendum are.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. POAGE. Let me go through with this. We let you go through with the discussion of something that had no relationship to this bill. I would like to go through with this explanation of the bill which is before us.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. POAGE. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. POAGE. Mr. Chairman, I want to talk about this bill because this bill does not require anyone to part with his money over any period of time. Everybody on our committee knows this. This bill provides for a refund on demand. Everybody knows it. You do not need a referendum when you can get your money back. A referendum is needed when something is imposed on people when they have to do something they do not want to do, and when there is no way they can avoid it.

This can be avoided simply by one action. One does not have to cooperate with anybody to avoid this. You do not have to get a third, you do not have to get a fifth, you do not have to get anything but your own consent and you can get your money back.

Here is what the amendment which was proposed by the gentleman from Mississippi would do. His amendment, which would require a two-thirds vote by numbers of producers, would make it possible that if 34 percent of the producers on farms with the smallest cotton allotments voted against the order, and all of the other producers voted for it, the order would be defeated by those whose normal production is less than 5 percent of the total U.S. production.

Let me call attention to one fact which the gentleman so carefully avoided. The gentleman wants a provision to allow 5 percent of the production of the United States to prevent the other 95 percent of production of the United States from providing their own self-help program and at their own expense, with no Government money. He would let 5 percent of the cotton produced in the United States keep the other 95 percent from having its own right to contribute its own money, without any of the money of these 5 percenters.

These people do not have to contribute a penny. They do not have to contribute a thing. I would suggest that if a man does not have to contribute anything, he is not very much hurt by the program.

Mr. WHITTEN. Mr. Chairman, I rise in support of the amendment.

(Mr. WHITTEN asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Chairman, I rise in support of the amendment of my colleague from Mississippi. It has been said that the farmers are not really opposed to payment of a dollar a bale, it is just that the gins competing with each other, knows that the farmer will gin with the ginner who does not take out his dollar. Does that not show how the farmer feels about his dollar? It is because many farmers do not want to pay this dollar per bale that they want us to enact a law requiring those opposed to pay.

For some years I have been chairman of the Appropriations Subcommittee which has to get research funds through the Congress.

Needless to say, I am deeply interested in the welfare and future of cotton; and, at present, I am sorely troubled at the outlook.

I have checked, to be sure of my figures, and we are spending in excess of $18 million this year on 262 research projects for cotton. These funds were provided by my subcommittee. In addition, in the last 8 years approximately $29 million has been spent on promotion, about one-fourth of these funds coming from nongovernmental sources. Much of this money has been used outside the United States.

Also, as you know, we have provided funds for the Boll Weevil Laboratory and the Ginning, Pest Control and Weed Laboratories at Stoneville and numerous others. We are now having our hearings on the overall research programs of the Department.

I think we all are in favor of the objective that the proponents have in mind. However, I have been disturbed to learn that the farm bill, which so many supported last year, has not had the effect of increasing consumption in any substantial way. If allowances are made for the holdback of purchase orders waiting for the lower prices, it is to be doubted there is any increase.

With regard to foreign sales, though the law requires the retention of our fair share of world markets by selling competitively abroad, under the act of 1956, witnesses testified before our committee this year that they had not carried out that law because any loss taken by the Commodity Credit Corporation in keeping competitive prices on exports would result in twice that much loss on the domestic markets, since present law requires them to sell at the same price here. As a result, our exports have been far below our fair share of world markets. The present outlook is that exports probably will not exceed 3.6 million bales for 1965–66.

I have read the bill—H.R. 12322—and report. Having made a study of the 262 cotton projects our committee is financing, there remains a real question in my mind as to what is planned in the way of further research and promotion. Testimony before our committee has been that our research funds have been ample to make use of such trained scientists as are available. Promotional funds have been more beneficial to foreign growths than to our own, since our Government has not kept our cotton competitive in world trade. The situation has been worse under the new law.

The bill provides that handlers—of cotton—or any class of handlers, maintain and provide for inspection of such books and records as may be required by the order. It does not provide for a proper audit for the board's handling of funds, but merely for such reports as the Secretary may require. This bill would enable the big producer to vote baleage against an equivalent amount of cotton, regardless of how many farmers were involved. This would really create problems in many sections. The few who produce two-thirds of the cotton could require collection from the many small farmers who may be strongly opposed to such collection.

It has been suggested that, if two-thirds of the producers, or producers of two-thirds of the cotton who are said to be pressing for the passage of this legislation, would put up $1.50 a bale instead of $1, this would keep the Congress from having to pass a law requiring the collection of moncy from those opposed to having a dollar a bale taken out of their cotton receipts against their wishes.

I have never voted to require workers to join a labor union and have some hesitancy about passing a law to collect moncy from people against their wishes, even though they might be permitted to get it back. From reading the report, I have been unable to find out what the benefits of this program have been in the past; nor is there any listing of such projects as might be set up, but projects would have to be approved by the Secretary of Agriculture. This would be an invitation to eliminate some of the present research we worked so hard to get the Department to do with Federal money.

It seems to me these provisions would turn eventual control over to the Secretary of Agriculture. If so, we must not overlook the fact that since 1960–61 the Department has reduced the estimate of our fair share of world markets from 6.5 to 5 million bales this year. And though the law—Eastland Act—requires the Department to export our fair share, actual exports in the same period have dropped from 6.7 million bales in 1960–61 to an estimate of 3.6 million bales this year.

Now let us come back to this amendment. It provides one vote for each cotton farmer. Unless this amendment is adopted it means that the Congress would be voting a law to take $1 a bale from every hill county in my area. I could name one or two planters in the Mississippi delta—I have worked with them and worked for them—they are great Americans and great citizens and, like me, are interested in cotton—but is it fair for you to vote for a bill where the owner of one plantation can cast more votes than all of the farmers in a whole county? I know they say those opposed can get their money back, so could the big operators. If the sponsors did not think they would hold some of the money, they would not be sponsoring this bill.

My colleague is going to offer another amendment, I understand, that when a man gins his cotton, he may file a statement that he wants a refund of his money. If that is adopted, we might vote for this bill, but this should be a voluntary payment as it always has been.

Now, since many farmers do not want to give their dollars voluntarily, does it not make you wonder whether they have been satisfied with performance? As my colleague says, 13½ percent of the farmers, who produce two-thirds of the cotton, under this bill we could require the other 86½ percent to put in their dollar and I suppose half of them will not get it back.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

(Mr. WHITTEN asked and was given permission to proceed for 1 additional minute.)

Mr. WHITTEN. I assure you I shall continue to work for funds for cotton research and promotion. With this bill I am afraid we will get less results than without it.

I hope you will adopt this amendment giving each farmer an equal right so far as his money is concerned.

Mr. TEAGUE of California. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not disagree with my friend the gentleman from Mississippi [Mr. ABERNETHY], very often, but I do in this instance. I think I have a tendency, perhaps, to oversimplify problems and how they appear to me. I would like to suggest that we consider this concept: There are about 1 million growers or a little over that who are cotton farmers in this country. They are trying to compete with some very splendid large chemical companies like Dow and other fine companies. I am told that these chemical companies are spending something like $200 million a year in promoting their products which are competing with cotton.

Now, how are the directors of those companies elected? They are not elected on the basis of one man, one vote. They are elected on the basis of the number of shares which the shareholders have, and then they, the directors, decide how they are going to spend the money.

Mr. Chairman, all we are trying to do is to give the cottongrowers of this country an opportunity to compete with these corporations, with which I certainly have no quarrel at all. In my opinion it is the same principle of a man growing 1,000 bales of cotton who ought to have 1,000 votes instead of just 1 vote in accordance with his neighbor who may be only growing 1 bale of cotton just as if it were 1,000 shares of stock and 1 share.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of California. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. But the fact remains that everyone producing chemicals is not forced to join that particular company and participate under the company's rules.

Mr. TEAGUE of California. He is not forced to, and he does so voluntarily.

Mr. Chairman, I still contend, of course, that this is a voluntary program. If the man does not want to participate he gets his money back.

Mr. ABERNETHY. Mr. Chairman, if the gentleman will yield further, I believe our distinguished chairman of the full committee described it as "voluntary compulsion."

Mr. TEAGUE of California. Yes; this is to be voluntary, and a self-help program.

Mr. Chairman, I urge the defeat of the amendment.

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. TEAGUE of California. I yield to the gentleman from Arizona.

Mr. RHODES of Arizona. Will the gentleman agree with me that the amendment of the gentleman from Mississippi might well cut both ways? The gentleman from Mississippi is concerned about his small farmers being forced to participate in this program through the vote of the large producers.

I suggest that there is a possibility, because there are so many more small producers than there are large producers, that a large producer can also be forced to put in his money by the vote of many of Mr. ABERNETHY's small producers.

Mr. TEAGUE of California. Exactly; that is right.

Mr. RHODES of Arizona. And actually a man who has 10 bales and who puts in $10 can by his vote make it necessary for a man who has 35,000 bales to put in $35,000.

I suggest that the tail is wagging the dog.

Mr. TEAGUE of California. Exactly; that is a good point.

Mr. COOLEY. Mr. Chairman, I rise in opposition to the amendment.

(Mr. COOLEY asked and was given permission to proceed for 3 additional minutes.)

Mr. COOLEY. Mr. Chairman, I know that these distinguished colleagues of ours from the great State of Mississippi know and understand the situation just about as well as I do, or perhaps better than I do. They know that there is no relationship between this proposed program and the acreage allotments and marketing quota programs on the basic commodities about which they have had so much to say. You know when you vote in one of those quota programs that you do not get out of it. You know when you go into a union and pay your dues you do not get your dues back.

Here, Mr. Chairman, you can put your money into this program, which is designed to go out and promote the sale of cotton in competition with manmade fabrics, and simply by requesting your money back you can have it refunded.

Mr. Chairman, I do not like the remarks which have been made about how these voluntary organizations have functioned. We have in existence now two such organizations, the Cotton Producers' Institute, which is a completely voluntary organization depending completely upon voluntary contributions, and it is collecting a little over $2.5 million which is spent on research, sales, and promotion; and the other is the National Cotton Council. I have a budget statement here in my hand, and it reflects that they collected a little over $3 million. They have spent it for research and promotion.

But, Mr. Chairman, here is the competition to cotton, the synthetic fibers. This one magazine contains 52 pages of these advertisements. I would like for you to take a look at it so you can see how extensively these garments are being advertised, a total expenditure of $200 million.

Now, Mr. Chairman, this is just one magazine.

How in the world can we keep cotton going with this competition?

Mr. Chairman, as I said this morning, I do not complain that they are spending this money. That is their money, and they pay for these advertisements. But, Mr. Chairman, I was surprised that the gentleman from Mississippi [Mr. WHITTEN], said we needed no more money for cotton. My Lord have mercy. Congress authorized you to give us $10 million last year, and you did not give it to us. Now we are trying to let the farmers spend $12 million of it, their money, and you do not want them to spend their own money for this purpose.

Mr. Chairman, for the life of me it is difficult to understand how, coming from the great State of Mississippi, dependent upon cotton as the gentlemen from Mississippi are, they can say to this House and to this country at large that cotton as a commodity needs no more help in research and promotion.

I am surprised at you coming here and trying to lead this House to believe you do not understand what is in this bill. You do know what is in it. You introduced your amendments in the committee and got beat. I hope they will be beaten here. I think they will be defeated here because obviously you all want to defeat the bill.

Mrs. MAY. Mr. Chairman, I move to strike out the last word and rise in support of the amendment offered by the gentleman from Mississippi. I would remind my colleagues that on June 15, 1964, the Supreme Court made a decision. Many of our colleagues have made arguments and speeches in favor of that decision following the rule of one man, one vote. I would suggest that the amendment offered by our distinguished colleague, the gentleman from Mississippi, will see that we follow the one-man, one-vote procedure rather than one man, one bale.

Mr. RHODES of Arizona. Mr. Chairman, will the gentlewoman yield?

Mrs. MAY. I yield to the gentleman.

Mr. RHODES of Arizona. Of course, I could not agree with the gentlewoman more. When men are voting there should be one man and there should be one vote. If it were rabbits voting, then there should be one vote for one rabbit. But when you are talking about a dollar a bale, should there not be a vote for each dollar, or bale? That is really what this is all about. This is not about men, this is about dollars per bale. That is the reason I put forth for being against the amendment offered by the gentleman from Mississippi.

Mrs. MAY. There seems to be a difference in philosophy here, but I would suggest to my very distinguished and respected colleague that this is the individual freedom of one man over another and not rabbits or bales.

Mr. ABERNETHY. Mr. Chairman, will the gentlewoman yield?

Mrs. MAY. I yield to the gentleman.

Mr. ABERNETHY. I wonder if my chairman intended to say that I did not know what was in this bill. I know what is in the bill and I think he knows I know. With all due deference, and I hesitate to say this, this referendum in this bill is nothing but a pure unadulterated fraud. That is all it is.

Mrs. MAY. Would not the gentleman agree with me with reference to the remarks of our colleague, the gentleman from Arizona, that a bale cannot vote?

Mr. HAGEN of California. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and members of the Committee, I merely wish to point out again that there are States outside the South that grow cotton. California is one of them. There are representatives of cotton-growing areas in States outside of the South who voted to repeal 14(b) and I hope my friends who were favoring the repeal of 14(b) do not vote against this bill because someone who supports it opposed the repeal of 14(b).

There are some newly found advocates also here of the one-man, one-vote principle which I feel has validity in certain respects with respect to some but not all elections. But in this particular instance, these farmers will be voting a particular program on a particular economic issue.

This is no new precedent in farm legislation. We have Federal marketing orders laws on the books which provide for exactly the method of voting that the gentleman from Mississippi [Mr. ABERNETHY], would change by his amendment. We have the Wool Act which provides for exactly the same alternate manner of determining whether there is an affirmative decision on the part of the producers. This is no new departure and no new precedent.

I would like to invite your attention to the situation in the cotton business. One of the problems in the cotton business, and a great source of the expense in the Federal cotton program has been the fact that there are literally thousands of part-time cottongrowers. They are not really cottongrowers.

Somehow they acquired, let us say, a 5-acre allotment or a 10-acre allotment. But obviously nobody can make a living off of that small an allotment. Under this proposal, as changed by the gentleman from Mississippi [Mr. ABERNETHY], these people would completely control the efforts of the large numbers of cotton producers who produce cotton that our country needs because they with only one test—counting of heads—these people who do not produce more than 5 percent of the cotton grown in the United States, yet they would control the destiny, in effect, of any effort at self-help by our cotton producers who have contributed so much to our national welfare.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. HAGEN of California. I yield to the gentleman from Mississippi.

Mr. WHITTEN. The point that I should like to make to the gentleman is that if two-thirds of the big producers would contribute $1.50 voluntarily, then we would not have to make the one-third of the small producers contribute. Then does the gentleman think that it would be better for this two-thirds who want this job done and feel like it would be worth while to pay $1.50 instead of $1, and thereby not require the small producers to pay the $1?

Mr. HAGEN of California. The motivation of this legislation is the same motivation that applies to union shops. There are too many free riders in the cotton business. They are not necessarily small farmers, either, believe me. This is an effort to get some discipline in seeking fairness for cotton producers.

The rationale back of it is the same as that behind the union shop. True, there is an escape clause which would permit the grower to get a refund if he wants it. That was dictated, I am sure, by considerations that apply to your State.

Mr. WHITTEN. Does not the gentleman feel that the reason the farmers are not paying the $1 now is that they are opposed to doing so?

Mr. HAGEN of California. No. I think the gentleman from Texas [Mr. POAGE] gave you a very good explanation. He said that traditionally the money has been collected through the gins, and in order to get leverage over another gin, some gins have stopped making the collection.

Mr. WHITTEN. Some gins are not collecting the $1.

Mr. HAGEN of California. That is right, exactly. As a consequence, the so-called voluntary program will fall apart. That is the reason that the National Cotton Council and the Cotton Producers Association are supporting this legislation. They see that the good experience in the past cannot continue because their contributions will be lessened all the time.

Mr. GATHINGS. Mr. Chairman, will the gentleman yield?

Mr. HAGEN of California. I yield to the gentleman from Arkansas.

Mr. GATHINGS. The gentleman has put his finger right on the significant point. Also the gentleman from Texas [Mr. POAGE] did so. Five percent of the volume of cotton grown could control the referendum and the farmers who grow 95 percent of the cotton would not be privileged to have the program that we seek here.

Mr. HAGEN of California. So we have given the 5 percent the opportunity to get their money back if they do not want to participate.

Mr. BELCHER. Mr. Chairman, I ask unanimous consent that the gentleman from California may proceed for 1 additional minute so that I may address a question to him.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. BELCHER. Mr. Chairman, will the gentleman yield?

Mr. HAGEN of California. I yield to the gentleman from Oklahoma.

Mr. BELCHER. In view of the fact that there has been so much discussion about section 14(b) of the Taft-Hartley law, and whether Members voted for the union bill, I might call attention to page 17 of the present bill. At line 19 appears section 14(b). The membership can do whatever they care to on this bill. I think either way you vote you could justify the vote, either for or against section 14(b).

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield to me at that point?

Mr. HAGEN of California. I yield.

Mr. CEDERBERG. Would it be possible under the bill as written to have a producer of 50,000 bales vote his 50,000 bales in the election and then come back later and get his money back?

Mr. HAGEN of California. I think that would be possible under the bill, yes.

Mr. CEDERBERG. That seems rather strange.

Mr. HAGEN of California. The ones wanting to keep this refund provision in the bill are the ones insisting on the amendment offered by the gentleman from Mississippi [Mr. ABERNETHY].

Mr. THOMPSON of New Jersey. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The gentleman from New Jersey is recognized for 5 minutes.

(Mr. THOMPSON of New Jersey asked and was given permission to revise and extend his remarks.)

Mr. THOMPSON of New Jersey. Mr. Chairman, I am utterly confused now. I merely raised the question as an agricultural issue. I was really trying to get to the point of agreement that I have with my great and distinguished friend from Mississippi, and others who take his point of view. He is admittedly a recent convert to the one-man, one-vote principle. I have to applaud that.

I am a city boy and I am confused. I recognize a lot of the nomenclature. For instance, gin. I have been known to be a moderate consumer of it. Gin mills—we have a great many of them in my district. We all put our cotton clothes on and go to the gin mills and drink gin. We put our dollar down and very seldom get it back.

But it seems to me that, in my years here, the extent of disagreement within this great Committee on Agriculture on this bill I find to be a most unusual situation. One man says that the other fellow does not know what is in the bill. The other fellow responds, "Well, you don't know what is in my amendments," and the rest of us don't know anything.

It seems to me that this is a very democratic thing you have going here—to allow a majority to do anything. The question is, you either vote for a bale or have a bale for a vote or an individual for a bale or what?

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of New Jersey. I yield to the gentleman from Arizona.

Mr. UDALL. I wonder if we might reword the old song, "Lift that barge, vote that bale."

Mr. THOMPSON of New Jersey. The gentleman is correct.

Mr. UDALL. Will the gentleman from New Jersey permit me simply to say that I favor this bill and that I strongly oppose the amendment. I had undertaken to say that earlier, but I did not have the opportunity to do so.

Mr. THOMPSON of New Jersey. I understand. May I ask the gentleman

from Arizona a question? For the most part, the cottongrowers whom the gentleman has the honor to represent, are rather large growers. Are they not?

They are honored by having him represent them.

Mr. UDALL. In my area we are fortunate to be able to raise large quantities of that fine long-staple cotton, yes.

Mr. THOMPSON of New Jersey. I thank the gentleman. And you will vote accordingly?

Mr. RESNICK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition to this amendment because, very frankly, this amendment guts this bill.

As the Members of this Committee realize, I do not have any cottongrowers in my district. I do, however, have a great number of farmers, and in particular I have a great number of apple farmers.

We have been operating in New York State under the same basic type of legislation for many years, and I am very happy to report that my applegrowers are very happy and earning more money today than they ever did in the past. So much per box is collected. It is used for advertising and promotion of New York State apples. It works.

This is the road to progress in farm legislation. Let the farmers help themselves. We always hear about the problems we have with farmers. Here is a piece of legislation that very simply will help the farmer to help himself. Nothing more. Nothing less.

We want to feel that 14(b) involves the one-man, one-vote principle. But let us get back down to basics. The basic is that it is a piece of legislation that will enable the cotton farmer to compete in today's market. Forty years ago he did not need this legislation. Twenty years ago he did not need this legislation.

Mr. GATHINGS. Mr. Chairman, will the gentleman yield?

Mr. RESNICK. I yield to the gentleman.

Mr. GATHINGS. The gentleman has said the very thing that ought to be said at this moment. If the farmers help themselves under this legislation, more cotton will be sold and more of the surplus will be removed. It will save quite a lot of money that the taxpayers have to pay for storage at this time on that CCC cotton.

Mr. RESNICK. It is not very often that I agree with the gentleman from Arkansas, but I could not agree with him more. This is basically what we are here to vote on.

Mr. RUMSFELD. Mr. Chairman, will the gentleman yield?

Mr. RESNICK. I am happy to yield to the gentleman.

Mr. RUMSFELD. Mr. Chairman, what Federal statute provides the basis for the New York State applegrower's system?

Mr. RESNICK. It is not a Federal statute; it is a New York State statute.

Mr. RUMSFELD. Why do we need a Federal statute on this situation?

Mr. RESNICK. I believe the Federal Government is not involved in apples but it is involved in cotton. I believe the Federal Government has a bigger stake in cotton than in any other agricultural commodity. We must do something about reducing this stake. I know of no better way.

Mr. RUMSFELD. The gentleman feels there is no need for Federal statutes in respect to apples, but because the Federal Government is subsidizing cotton, we have to have this additional Federal basis to help the cottongrowers to do what the applegrowers of New York have done through State statutes voluntarily?

Mr. RESNICK. That is correct. But we advertise New York State apples. We do not advertise Washington State apples.

I think the gentleman understands that cotton is cotton and one does not advertise Arkansas cotton or California cotton or Arizona cotton, when it goes into that mill.

Mr. RUMSFELD. Apples are apples.

Mr. RESNICK. The New York State apples are the finest. I make that statement without hesitation.

Mr. RUMSFELD. There is no reason in the world why North Carolina could not advertise North Carolina cotton, just as New York advertises New York apples. You can call them special apples, but apples are apples.

Mr. RESNICK. I think the gentleman must realize that a good portion of this money is spent not only for advertising, but one thing that has been lost sight of here is that a good portion of the money is to find new uses for cotton. North Carolina cotton is going to be used just as California cotton is going to be used. You cannot expect 15 or 20 States to combine and get a utilization program going.

Mr. RUMSFELD. In industry after industry they have combined.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. RESNICK. I yield to the distinguished majority leader.

Mr. ALBERT. Mr. Chairman, the difference is this. It seems to me that cotton is a fiber. We are trying to find a means by which the cotton producer can compete with other types of fibers. One type of apple can compete with another type of apple. This situation is entirely different. This is the only way you can make advertising in the field of cotton somewhat comparable to that in respect to other fibers.

Mr. RESNICK. I agree with the majority leader.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. ABERNETHY].

The question was taken; and on a division (demanded by Mr. POAGE) there were—ayes 51, noes 65.

Mr. ABERNETHY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. ABERNETHY and Mr. TEAGUE of California.

The Committee again divided, and the tellers reported that there were—ayes 65, noes 76.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. DOLE

Mr. DOLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DOLE: On page 15, line 14, insert the following:

"*Provided, further,* That notwithstanding any other provision of this Act, at the time of delivery of cotton to any handler, any producer shall have the option to decline to pay any assessment on a form prescribed by the Cotton Board and furnished to all handlers and such declination shall be deemed to be a refund approved by the Cotton Board. All such producer declinations shall be forwarded to the Board by handlers".

Mr. DOLE. Mr. Chairman, I think the heat of the entire issue is focused upon whether or not this is a voluntary program. The amendment which I have offered on page 15, following line 14, would, in effect, make it a voluntary program, and moves the burden from the producer to go through rather complicated channels to obtain his refund; it relieves the USDA and the Cotton Board of a lot of paper work and a lot of detail work by simply providing that at the time the producer delivers his cotton to the handler, if he issues a statement at that time that he does not wish to pay $1 a bale, he does not have to make this $1 per bale contribution.

In effect, it does take care of the argument which has been made by the gentleman from New Jersey [Mr. THOMPSON] and the arguments which have been raised by everyone on the floor. The basic issue involved is this: is it or is it not a voluntary program? Certainly it is not voluntary in its present form. It is mandatory. For all practical purposes, before you can dispose of one bale of cotton you must pay $1 per bale in order to do so.

Mr. Chairman, I say that in effect it amounts to compulsory cottonism, just as much as we had compulsory unionism under discussion not too long ago.

For that reason, Mr. Chairman, I believe the amendment should be adopted.

Mr. SISK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am sure my good friend from Kansas recognizes that this would, of course, completely gut the bill. All we are working on here is an enabling act which would provide that the farmer could have a vote, and if two-thirds of the farmers want the program they can have it.

The gentleman, I am sure, is aware that this would simply put us back exactly where we are. We have had this voluntary program for the last 5 years. At the present time we are able to raise about $3 million which we are putting into this promotional program. Everyone who has analyzed it realizes that this amount is totally inadequate, that we need a much larger sum of money, So this program which we have here today would provide a program which, if the farmer wanted to vote for it—and certainly they are free to vote whichever way they want—but if two-thirds wanted it they would be able to come out with a program to do the job needed to be done of promotional research and which the cotton industry needs so badly.

Mr. Chairman, I would hope that this amendment will be voted down.

Mr. TEAGUE of California. Mr. Chairman, will the gentleman yield?

Mr. SISK. I yield to the gentleman from California.

Mr. TEAGUE of California. I fully concur with the statement that the gentleman from California [Mr. SISK] has just made. Certainly the Dole amendment would gut the entire program.

If the Members are opposed to this proposal, they ought to vote for the Dole amendment. However, if they are for the general program, they certainly ought to vote against the Dole amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. DOLE].

The amendment was rejected.

AMENDMENT OFFERED BY MR. ABERNETHY

Mr. ABERNETHY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ABERNETHY: On page 15, line 14, change the period to a colon and insert the following: *"Provided further,* That at the time of delivery of cotton to any handler designated to collect assessments, any producer shall also have the option to pay such assessments under protest on a form prescribed and furnished by the Cotton Board and such payment under protest shall be deemed to be and shall be processed by the Cotton Board as an application for a refund of such assessment and any such refund shall be made within 60 days thereafter."

Mr. ABERNETHY. I know it is getting late and you would like to adjourn, but I would appreciate it if you would hear me a moment on this very simple amendment.

Mr. Chairman, much has been said about the producers right to get his money back. One of the objectives—as a matter of fact, the objective of this bill is first to make him pay and then to make it a little difficult—as difficult as possible—for him to get it back, thus leaving a considerable sum in the fund.

The amendment offered by the gentleman from Kansas might have made it too easy in the eyes of those who sponsor this legislation. Here is all my amendment does—and if you understand it, I believe you will support it.

Very simply, if the ginner is designated as the person to exact the dollar from the farmer, the amendment will work this way. The farmer will take his cotton to the gin. He will pay the ginning fee, then dig a little deeper and lay down the research dollar. Then he will be privileged to sign a slip which will be the equivalent of an application for a refund. He will not get the dollar then. My friends who sponsor this bill do not want him to get the dollar back then. They want the Board to hold it a while, and maybe get to keep it forever. My amendment does not disturb their plan, just the procedure which does not do harm to their bill.

The object of this bill is to allow the Board to hold on to that dollar just as long as they can. Under my amendment, they can still hold it exactly the same amount of time that they would have the privilege of holding it under the bill. My amendment does not change that at all.

My amendment just relieves the farmer of the responsibility of going to some other place to file the application. That is all my amendment does. I am just changing the place for the farmer to file the application. That is all I am doing—instead of the farmer having to go over to the county agricultural office and filing the application. The farmer will just file the application at the time he gets his cotton ginned. That is all the amendment does. I am simply changing the place where the farmer files his application for a refund—that is all—and I am making it a little more convenient for him to simply file the application.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I yield to the gentleman.

Mr. COOLEY. What is the difference between the gentleman's amendment and the amendment that was just defeated.

Mr. ABERNETHY. There is a lot of difference.

Mr. COOLEY. What is the difference.

Mr. ABERNETHY. The amendment that was just defeated provided that he would not pay it at all.

Mr. COOLEY. He would just ask for it to be returned. What you are proposing is asking for it to be returned and not sending him to the Board.

Mr. ABERNETHY. The farmer's dollar still goes to the same place and it is handled by the same people, the same number of times. This just saves the farmers the trip across the county to the courthouse or wherever he has to go—which may be 20 miles away.

Mr. COOLEY. The ginner can say to the farmer, "if you bring your cotton to my gin, I will pay you back your dollar."

Mr. ABERNETHY. No, the ginner cannot do that. With all due deference, Mr. Chairman, this amendment does not do a thing in the world but change the place where he files the application. That is all it does. I do not see a thing wrong with that. If you want to make him ride 20 miles, and that is what the bill might do in some instances, then you will oppose the amendment. I have farmers who will have to ride all the way across the county to get their dollar back. They would have to travel 20 miles, or more, and there are several countries in my district where they would have to go 10 or 20 miles or more. All I am doing is just changing the place where he files the application. That is all and I hope you will adopt the amendment.

(Mr. ABERNETHY asked and was given permission to revise and extend his remarks.)

Mr. SISK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this in essence is just another way of putting the Dole amendment in the bill and again to gut the program. I would hope, if we are interested in trying to permit these farmers by a two-thirds vote to vote for a program and have a program, let us give them that opportunity. Then if you are against this whole bill, which in essence this is what this amendment would do—gut the bill—then vote against the whole bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. ABERNETHY].

The question was taken; and on a division (demanded by Mr. ABERNETHY), there were—ayes 47, noes 66.

So the amendment was rejected.

AMENDMENTS OFFERED BY MR. RYAN

Mr. RYAN. Mr. Chairman, I offer two amendments and ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. RYAN: On page 6, after line 14, insert the following:

"(c) Providing for establishing and carrying on research and development projects and studies with respect to the training, retraining, and utilization of displaced farm labor engaged in the growing of cotton, including recommendations for appropriate policies and programs to be carried out by the departments and agencies of the Federal Government."

And redesignate the succeeding subsections accordingly.

On page 11, line 16, strike out "6(a) and (b)" and insert "6(a), (b), and (c)".

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. COOLEY. Mr. Chairman, I make a point of order against the pending amendments.

The CHAIRMAN. The gentleman will state it.

Mr. COOLEY. First, they are not germane. They provide for research and development projects and studies with respect to training or retraining and utilization of displaced farm labor engaged in the growing of cotton. That is absolutely foreign and alien to anything in the bill now under consideration.

The bill under consideration deals only with cotton and the promotion and research in the field of cotton. The bill has nothing whatever to do with farm labor. This is an attempt to drag a red herring over the track and divert the attention of the Members of Congress by having us go into a program to retrain displaced farm labor. I say that it is absolutely foreign to the purpose of the bill. It is not germane.

Therefore, the point of order should be sustained.

The CHAIRMAN. Does the gentleman from New York desire to be heard?

Mr. RYAN. Mr. Chairman, I know of nothing more germane or relevant to a bill which deals with the increased productivity of cotton, which deals with the question of competitive efficiency, than at the same time to deal with the question of what happens to individuals engaged in the farming of cotton who are affected by that increased productivity. That is the purpose of the amendments. The purpose of the amendments is to provide for research and studies to assist the very people who would be affected by the bill which is before the House—the workers, the employees, the sharecroppers, the tenant farmers.

Automation can be a great boon to mankind or it can be a curse. If we are to deal intelligently with automation, it will require the best efforts of both the private and public sector of the economy.

The adoption of my amendment will make it possible for the private sector to

contribute to research projects and studies on the very problems which the bill before us will intensify.

Section 6(a) of H.R. 12322 provides for plans and projects for the advertising and sales promotion of cotton and cotton products, and that is what most of the discussion has been about.

However, there is another section—6(b)—which provides for resarch and development projects and studies with respect to production and distribution to make marketing more efficient and cotton generally more competitive.

My amendment is a companion to that section. It calls for research and development projects and studies with respect to training and retraining and the utilization of displaced farm labor engaged in the growing of cotton. Recommendations would be made to the appropriate Federal agencies and departments such as the Departments of Agriculture, Labor, Commerce, the Economic Development Agency, and the Office of Economic Opportunity.

The gentleman from Illinois [Mr. FINDLEY] said that he thought the principal purpose of the bill was to reduce the cost of production.

The cost of production is being reduced by eliminating hand farm labor, and this bill can be expected to accelerate that trend.

The cotton chopper and harvester is being displaced because of improved weedkillers and mechanization of harvesting.

If farm labor is displaced through the programs developed under this bill, there is an obligation to help the farmer, the tenant farmer, the sharecropper, readjust.

The poverty-stricken victims of advanced agricultural technology should be able to look to the producers who benefit from that technology for help.

This bill with my amendment would create the vehicle. Without my amendment, the producers will not bear any responsibility.

Let us look at what the mechanization of cotton farming has brought about in Mississippi.

From 1960 to 1964, the percentage of the cotton crop picked by workers increased from 42 percent to 62 percent.

The development of efficient weedkillers has made it more costly to eliminate weeds by hand chopping.

As the annual cost of maintaining farm families for cotton picking has increased, it has become more economical to mechanize.

In addition, the diversion payment program has reduced plantings.

The Mississippi State Employment Security Commission has projected a 50-percent decrease in jobs for cotton choppers from the 1965 crop year.

It has been estimated that this year between 20,000 and 70,000 of last year's cotton workers will not be able to get jobs.

It is obvious that increased efficiency encouraged by this bill will result in the loss of more jobs—particularly in the South.

All my amendment does is to give the Cotton Board the authority to conduct studies and make recommendations to assist the displaced cotton laborer.

If the producer's dollar is to be earmarked for programs which will cost the tenant-farmer and the sharecropper his job, then also it should be used for programs and studies to help them find new job opportunities.

That is only fair and equitable.

This has been called a self-help program. Certainly self-help programs should not leave out those at the bottom of the economic ladder.

Automation can help create an economy of abundance. But we must also plan for the victims of automation.

The CHAIRMAN. The Chair is of the opinion that the amendment deals with persons in farm labor, and the bill itself deals with commodities and the promotion of commodities, and that the amendment is not germane and sustains the point of order.

Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MCFALL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 12322) to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton, pursuant to House Resolution 750, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Mrs. MAY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentlewoman opposed to the bill?

Mrs. MAY. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mrs. MAY moves to recommit the bill H.R. 12322 to the Committee on Agriculture with instructions to report the same back forthwith with the following amendment: Page 13, line 6, change the comma to a period and strike out the words "or by cotton producers voting in the referendum who, during such representative period, have produced at least two-thirds of the volume of cotton produced by such producers."

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. HALL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 185, nays 191, answered "present" 1, not voting 56, as follows:

[Roll No. 33]

YEAS—185

Abbitt	Fogarty	Moore
Abernethy	Frelinghuysen	Morse
Adair	Fulton, Pa.	Mosher
Addabbo	Gallagher	Nelsen
Anderson, Ill.	Gilbert	O'Konski
Andrews, George W.	Goodell	O'Neal, Ga.
	Griffin	Passman
Andrews, N. Dak.	Gross	Patten
	Grover	Philbin
Arends	Gurney	Pirnie
Ashbrook	Hagan, Ga.	Poff
Ayres	Haley	Price
Barrett	Hall	Quie
Bates	Halleck	Quillen
Battin	Hamilton	Randall
Beckworth	Hansen, Idaho	Reid, Ill.
Bennett	Hardy	Reid, N.Y.
Berry	Harsha	Reifel
Bolton	Harvey, Mich.	Rodino
Bow	Hébert	Rogers, Colo.
Brademas	Hechler	Rogers, Fla.
Bray	Horton	Roush
Brock	Howard	Rumsfeld
Broomfield	Hull	Satterfield
Brown, Ohio	Hungate	St Germain
Broyhill, N.C.	Hutchinson	Saylor
Broyhill, Va.	Ichord	Schisler
Buchanan	Jacobs	Schmidhauser
Burton, Utah	Joelson	Schneebeli
Byrnes, Wis.	Johnson, Pa.	Schweiker
Cahill	Karsten	Secrest
Carey	Karth	Selden
Cederberg	Kelth	Shipley
Chamberlain	Kelly	Shriver
Clancy	King, N.Y.	Sickles
Cleveland	King, Utah	Sikes
Collier	Krebs	Skubitz
Conable	Kunkel	Smith, N.Y.
Conte	Kupferman	Smith, Va.
Corbett	Laird	Springer
Craley	Langen	Stafford
Cramer	Latta	Stanton
Cunningham	Long, La.	Sweeney
Curtin	Love	Tenzer
Curtis	McCulloch	Thomson, Wis.
Daniels	McDade	Tuck
Davis, Ga.	McDowell	Tuten
Davis, Wis.	McEwen	Vanik
Denton	McVicker	Vigorito
Derwinski	MacGregor	Vivian
Dole	Mackay	Waggonner
Donohue	Madden	Walker, Miss.
Downing	Marsh	Watkins
Edwards, Ala.	Martin, Ala.	Weltner
Edwards, La.	Martin, Mass.	Whalley
Ellsworth	Martin, Nebr.	Whitten
Erlenborn	Mathias	Widnall
Everett	May	Williams
Fallon	Michel	Wolff
Farnum	Mink	Wydler
Findley	Minshall	Yates
Fino	Mize	
Flynt	Moeller	

NAYS—191

Adams	Callaway	Duncan, Oreg.
Albert	Carter	Duncan, Tenn.
Anderson, Tenn.	Casey	Dyal
	Celler	Edmondson
Ashley	Chelf	Evans, Colo.
Ashmore	Clark	Farbstein
Bandstra	Clausen, Don H.	Fascell
		Flood
Belcher	Clawson, Del	Foley
Bell	Clevenger	Ford, William D.
Bingham	Cohelan	
Blatnik	Conyers	Fountain
Boggs	Cooley	Fraser
Boland	Culver	Friedel
Bolling	Daddario	Fulton, Tenn.
Brooks	de la Garza	Garmatz
Brown, Calif.	Delaney	Gathings
Burke	Dent	Gettys
Burleson	Diggs	Gibbons
Burton, Calif.	Dingell	Gilligan
Byrne, Pa.	Dorn	Gonzalez
Cabell	Dow	Grabowski
Callan		

Gray	Meeds	Rooney, N.Y.
Green, Oreg.	Mills	Rooney, Pa.
Green, Pa.	Monagan	Rosenthal
Greigg	Moorhead	Roybal
Grider	Morgan	Ryan
Griffiths	Morris	St. Onge
Hagen, Calif.	Morrison	Scheuer
Hanley	Morton	Senner
Hansen, Iowa	Moss	Sisk
Hansen, Wash.	Multer	Slack
Hathaway	Murphy, Ill.	Smith, Iowa
Helstoski	Murphy, N.Y.	Staggers
Henderson	Murray	Stalbaum
Hicks	Natcher	Steed
Holland	Nedzi	Stephens
Hosmer	O'Hara, Ill.	Stubblefield
Huot	O'Hara, Mich.	Sullivan
Irwin	Olsen, Mont.	Talcott
Jarman	Olson, Minn.	Taylor
Jennings	O'Neill, Mass.	Teague, Calif.
Johnson, Calif.	Ottinger	Teague, Tex.
Johnson, Okla.	Patman	Thompson, N.J.
Jonas	Pepper	Thompson, Tex.
Jones, N.C.	Perkins	Todd
Kastenmeier	Pickle	Trimble
Kee	Pike	Tupper
King, Calif.	Poage	Udall
Kirwan	Pool	Ullman
Kornegay	Pucinski	Utt
Landrum	Purcell	Van Deerlin
Leggett	Race	Walker, N. Mex.
Lennon	Redlin	Watson
Lipscomb	Rees	Watts
Long, Md.	Resnick	White, Idaho
McCarthy	Reuss	White, Tex.
McFall	Rhodes, Ariz.	Whitener
McGrath	Rhodes, Pa.	Wilson, Bob
McMillan	Rivers, S.C.	Wright
Machen	Rivers, Alaska	Wyatt
Mackie	Roberts	Young
Mahon	Rogers, Tex.	Younger
Mailliard	Ronan	Zablocki
Matsunaga	Roncalio	

ANSWERED "PRESENT"—1

Halpern

NOT VOTING—56

Andrews, Glenn	Farnsley	Matthews
Annunzio	Feighan	Miller
Aspinall	Fisher	Minish
Baldwin	Ford, Gerald R.	Nix
Baring	Fuqua	O'Brien
Betts	Giaimo	Pelly
Cameron	Gubser	Powell
Colmer	Hanna	Reinecke
Corman	Harvey, Ind.	Robison
Dague	Hawkins	Rostenkowski
Dawson	Hays	Roudebush
Devine	Herlong	Scott
Dickinson	Holifield	Smith, Calif.
Dowdy	Jones, Ala.	Stratton
Dulski	Jones, Mo.	Toll
Dwyer	Keogh	Tunney
Edwards, Calif.	Kluczynski	Willis
Evins, Tenn.	McClory	Wilson, Charles H.
	Macdonald	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Halpern for, with Mr. Tunney against.

Mrs. Dwyer for, with Mr. Scott against.

Mr. Harvey of Indiana for, with Mr. Annunzio against.

Mr. Pelly for, with Mr. Holifield against.

Mr. Minish for, with Mr. Reinecke against.

Mr. Stratton for, with Mr. Smith of California against.

Mr. Betts for, with Mr. Charles H. Wilson against.

Mr. McClory for, with Mr. Toll against.

Mr. Glenn Andrews for, with Mr. Hanna against.

Mr. Dickinson for, with Mr. Gubser against.

Mr. Roudebush for, with Mr. Edwards of California against.

Until further notice:

Mr. Aspinall with Mr. Macdonald.

Mr. Giaimo with Mr. Nix.

Mr. Dowdy with Mr. Baring.

Mr. Fisher with Mr. Herlong.

Mr. Cameron with Mr. Powell.

Mr. Dawson with Mr. Miller.

Mr. Dulski with Mr. Rostenkowski.

Mr. Farnsley with Mr. Hawkins.

Mr. Feighan with Mr. Corman.

Mr. Keogh with Mr. Willis.

Mr. Colmer with Mr. Matthews.

Mr. O'Brien with Mr. Fuqua.

Mr. Hays with Mr. Kluczynski.

Mr. HAGAN of Georgia, Mr. McCULLOCH, and Mr. HUNGATE changed their votes from "nay" to "yea."

Mr. WATSON changed his vote from "yea" to "nay."

Mr. HALPERN. Mr. Speaker, I have a live pair with the gentleman from California [Mr. TUNNEY]. If he were present he would vote "nay." I voted "yea." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The question is on the passage of the bill.

Mr. FINDLEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 189, nays 183, answered "present" 1, not voting 59, as follows:

[Roll No. 34]

YEAS—189

Adams	Gray	Patten
Albert	Green, Pa.	Pepper
Anderson, Tenn.	Greigg	Perkins
Ashmore	Grider	Philbin
Bandstra	Hagan, Ga.	Pickle
Barrett	Hagen, Calif.	Poage
Belcher	Hanley	Pool
Bell	Hansen, Iowa	Price
Bingham	Hansen, Wash.	Purcell
Blatnik	Hathaway	Quillen
Boggs	Hébert	Race
Boland	Henderson	Redlin
Bolling	Hicks	Rees
Brooks	Holland	Resnick
Brown, Calif.	Hosmer	Rhodes, Ariz.
Broyhill, N.C.	Huot	Rhodes, Pa.
Burke	Irwin	Rivers, Alaska
Burleson	Jacobs	Rivers, S.C.
Byrne, Pa.	Jarman	Rogers, Colo.
Cabell	Jennings	Ronan
Callan	Johnson, Calif.	Roncalio
Callaway	Johnson, Okla.	Rooney, N.Y.
Carter	Jonas	Rooney, Pa.
Casey	Jones, N.C.	Rosenthal
Celler	Karsten	Roybal
Chelf	Kee	St. Onge
Clark	King, Calif.	Senner
Clausen, Don H.	Kirwan	Sisk
Clawson, Del	Kornegay	Slack
Clevenger	Landrum	Smith, Calif.
Cohelan	Leggett	Smith, Iowa
Cooley	Lennon	Smith, N.Y.
Culver	Lipscomb	Staggers
Daddario	Long, La.	Stalbaum
Davis, Ga.	McFall	Steed
de la Garza	McGrath	Stephens
Donohue	McMillan	Stubblefield
Dorn	Machen	Sullivan
Dow	Mackay	Talcott
Duncan, Oreg.	Mackie	Taylor
Duncan, Tenn.	Mahon	Teague, Calif.
Dyal	Mailliard	Teague, Tex.
Edmondson	Matsunaga	Thompson, Tex.
Edwards, La.	Meeds	Todd
Fallon	Mills	Trimble
Farbstein	Mink	Tupper
Fascell	Monagan	Udall
Flood	Moorhead	Ullman
Flynt	Morgan	Utt
Foley	Morris	Van Deerlin
Ford, William D.	Morrison	Vivian
Fountain	Moss	Waggonner
Fraser	Multer	Walker, N. Mex.
Friedel	Murphy, Ill.	Watson
Fulton, Tenn.	Murphy, N.Y.	Watts
Garmatz	Murray	Weltner
Gathings	Natcher	White, Idaho
Gettys	O'Hara, Ill.	White, Tex.
Gilligan	O'Hara, Mich.	Whitener
Gonzalez	Olsen, Mont.	Wilson, Bob
Grabowski	Olson, Minn.	Wright
	O'Neal, Ga.	Young
	O'Neill, Mass.	Younger
	Passman	Zablocki

NAYS—183

Abbitt	Fogarty	Morton
Abernethy	Frelinghuysen	Mosher
Adair	Fulton, Pa.	Nedzi
Addabbo	Gallagher	Nelsen
Anderson, Ill.	Gibbons	O'Konski
Andrews, George W.	Gilbert	Ottinger
	Goodell	Patman
Andrews, N. Dak.	Green, Oreg.	Pike
	Griffin	Pirnie
Arends	Gross	Poff
Ashbrook	Grover	Powell
Ashley	Gurney	Pucinski
Ayres	Haley	Quie
Bates	Hall	Randall
Battin	Halleck	Reid, Ill.
Beckworth	Hamilton	Reifel
Bennett	Hansen, Idaho	Reuss
Berry	Hardy	Roberts
Bolton	Harsha	Rodino
Bow	Harvey, Mich.	Rogers, Fla.
Brademas	Hechler	Rogers, Tex.
Bray	Helstoski	Roush
Broomfield	Horton	Rumsfeld
Brown, Ohio	Howard	Ryan
Broyhill, Va.	Hull	Satterfield
Buchanan	Hungate	St Germain
Burton, Utah	Hutchinson	Saylor
Byrnes, Wis.	Ichord	Scheuer
Cahill	Joelson	Schisler
Carey	Johnson, Pa.	Schmidhauser
Cederberg	Karth	Schneebeli
Chamberlain	Kastenmeier	Schweiker
Clancy	Keith	Secrest
Cleveland	Kelly	Selden
Collier	King, N.Y.	Shipley
Conable	King, Utah	Shriver
Conte	Krebs	Sickles
Conyers	Kunkel	Sikes
Corbett	Kupferman	Skubitz
Craley	Laird	Smith, Va.
Cramer	Langen	Springer
Cunningham	Latta	Stafford
Curtin	Love	Stanton
Curtis	McCulloch	Sweeney
Daniels	McDade	Tenzer
Davis, Wis.	McDowell	Thompson, N.J.
Delaney	McEwen	Thomson, Wis.
Dent	McVicker	Tuck
Denton	MacGregor	Tuten
Derwinski	Madden	Vanik
Diggs	Marsh	Vigorito
Dingell	Martin, Ala.	Walker, Miss.
Dole	Martin, Mass.	Watkins
Downing	Martin, Nebr.	Whalley
Edwards, Ala.	Mathias	Whitten
Ellsworth	May	Widnall
Erlenborn	Michel	Williams
Evans, Colo.	Minshall	Wolff
Everett	Mize	Wyatt
Farnum	Moeller	Wydler
Findley	Moore	Yates
Fino	Morse	

ANSWERED "PRESENT"—1

Halpern

NOT VOTING—59

Andrews, Glenn	Farnsley	Macdonald
Annunzio	Feighan	Matthews
Aspinall	Fisher	Miller
Baldwin	Ford, Gerald R.	Minish
Baring	Fuqua	Nix
Betts	Giaimo	O'Brien
Brock	Griffiths	Pelly
Burton, Calif.	Gubser	Reid, N.Y.
Cameron	Hanna	Reinecke
Colmer	Harvey, Ind.	Robison
Corman	Hawkins	Rostenkowski
Dague	Hays	Roudebush
Dawson	Herlong	Scott
Devine	Holifield	Stratton
Dickinson	Jones, Ala.	Toll
Dowdy	Jones, Mo.	Tunney
Dulski	Keogh	Willis
Dwyer	Kluczynski	Wilson, Charles H.
Edwards, Calif.	Long, Md.	
Evins, Tenn.	McCarthy	
	McClory	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Tunney for, with Mr. Halpern against.

Mr. Annunzio for, with Mr. Long of Maryland against.

Mr. Hanna for, with Mr. Betts against.

Mr. Scott for with Mr. McClory against.

Mr. Holifield for, with Mr. Pelly against.

Mr. McCarthy for, with Mrs. Dwyer against.
Mr. Reinecke for, with Mr. Stratton against.
Mr. Brock for, with Mr. Harvey of Indiana against.
Mr. Burton of California for, with Mr. Dickinson against.
Mr. Gubser for, with Mr. Glenn Andrews against.
Mr. Charles H. Wilson for, with Mr. Roudebush against.
Mr. Edwards of California for, with Mr. Minish against.

Until further notice:

Mr. Fisher with Mr. Fuqua.
Mr. Corman with Mr. Dawson.
Mr. Aspinall with Mr. Herlong.
Mr. Miller with Mr. Nix.
Mr. Dowdy with Mr. Macdonald.
Mr. Keogh with Mr. Feighan.
Mr. Toll with Mr. Hawkins.
Mr. Hays with Mr. Baring.
Mr. Camcron with Mrs. Griffiths.
Mr. Colmer with Mr. Matthews.
Mr. Willis with Mr. Giaimo.
Mr. Kluczynski with Mr. Evins.
Mr. O'Brien with Mr. Rostenkowski.

Mr. DOW, Mr. VIVIAN, Mr. ADAMS, Mr. JACOBS, and Mr. DONOHUE changed their votes from "nay" to "yea."

Mr. HALPERN. Mr. Speaker, I have a live pair with the gentleman from California [Mr. TUNNEY]. If he had been present he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. GATHINGS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

MOST SENSIBLE RECOMMENDATIONS ON VIETNAM MADE BY SENATOR STUART SYMINGTON

(Mr. HULL asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include an editorial.)

Mr. HULL. Mr. Speaker, the most sensible recommendations on Vietnam made in recent weeks are those advanced by Senator STUART SYMINGTON, of Missouri.

He believes that the United States should take those measures necessary to win in Vietnam and I am absolutely certain that a great majority of Americans agree with him.

Under leave to extend my remarks, I enclose a copy of an editorial in support of Senator SYMINGTON's position, written by Joseph R. Snyder in the Gallatin, Mo., Democrat:

SYMINGTON'S VIEWS

Of all the people in high Government places who have issued public statements on the war in southeast Asia, the words of Missouri's own Senator STUART SYMINGTON come closest to matching the thoughts this newspaper has entertained. Of all the people in Government, outside our generals in the Military Establishment, we are more inclined to trust SYMINGTON's judgment on the situation than any other. Happily his views are largely shared by the military.

There is, of course, a realistic way to win the war in Vietnam. Senator SYMINGTON is persistently urging it upon President Johnson and his advisers. The Senator has an exceptionally fine background of Governmcnt service in areas of defense upon which to base his views. He has projected his opinions to the public only after completion of a several weeks visit in the Far East during which he was able to obtain vital information on the spot.

That war can be ended and many lives saved, the Senator asserts, by a blockade and mining of Haiphong waters, which is the principal North Vietnamese port. This could cut off about 80 percent of the supplics reaching the Vietcong.

SYMINGTON also urges air attacks on important military targets such as powerplants, oil supply, docks, etc., to destroy the Vietcong's capacity to wage war. He further recommends fuller use of U.S. naval power to pound enemy troop concentrations and supply lines along the coastal areas.

As he so aptly puts it: "We should either move ahead or move out." It is our feeling that a majority of Americans feel the same way about this conflict. We commend him for hammering away at this thcme.

History shows that limited war in southeast Asia is a failure. It is not the American way to give the enemy every advantage, permitting him to choose the time and place of battle and sanctuaries from which he can attack, fall back, gain strength, and then attack again.

It is our opinion that once America decides a situation has become so intolerable we must take action on the field of battle, Congress should authorize the conflict by a formal declaration of war. We do not like one man—the President, no matter who he is—having the power to commit this Nation to war without approval from the people through Congress. We also do not like a war being fought by a relatively few while the Government pretends "business as usual" and hopes the public won't notice the casualty lists.

It is our belief that once the United States is committed to battle, we should go on a war footing and end the fighting as quickly as possible. We further bclieve that military decisions should be left to military people. Had this been done in the past we would not now be fighting in Vietnam.

The question of whether we should be in Vietnam at all is not the point of this editorial. We recall with irony, however, that every top general we have had has warned against becoming involved in a land war in Asia.

We believe the American people will support the action called for by Senator SYMINGTON. We believe they are tired of the lack of decision and purpose displayed thus far. We believe they want a victory in Vietnam as quickly as possible and a halt to confusion and half answers. Ho Chi Minh will not be ready to talk peace until he's hurt. We must make the cost of aggression too high to endure.

APOLOGY AND CLARIFICATION REQUIRED ON RELEASE STATING THAT FBI WAS BEING ORDERED TO INVESTIGATE REGISTRATION PRACTICES IN "SAMPLE COUNTIES" IN TEXAS

(Mr. CABELL asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous matter.)

Mr. CABELL. Mr. Speaker, in view of an ill-conceived release from the Office of the Attorney General that implies an indictment of the people of my district and of my State of Texas, I consider a clarification and an apology to be in order.

This release stated that the FBI was being ordered to investigate registration practices in "sample counties" in Texas.

No such implied indictment can be allowed to go unchallenged. I, therefore, submit for the RECORD my reply to the Attorney General:

MARCH 3, 1966.

Hon. NICHOLAS DEB. KATZENBACH,
The Attorney General,
The Department of Justice,
Washington, D.C.

DEAR MR. ATTORNEY GENERAL: Never in my carcer as a citizen-businessman, a municipal official or more lately, as a Member of Congress, have I observed such a flagrant, and cheap, abuse of power as that recently demonstrated by your appointment of voter registration "monitors" in Texas, and particularly in my home district of Dallas County.

Not only is this a debasement of your hitherto respected office, it is also a debasement of many fine segments of our society and is a rclegation of one of our most respected agencies (FBI) to the status of a cheap political tool.

Thc victims of the insult include:

1. The Negro citizens of Dallas County and Texas. They have consistently exercised their voting franchise, without any form of coercion. In 1964, the Negro citizen qualified by registration or by payment of poll tax, a higher percentage of their potential than did their white counterparts.

2. The white citizenship of Dallas County and the State of Texas, and all elected officials. They have consistently provided untold numbers of volunteers, both white and Negro, who were deputized to issue registrations and poll tax receipts, and who worked diligently in all communities from the period, October 1, 1965, through January 31, 1966. All of this was done without reference to race or color.

3. The Dallas County leadership of both political parties. All these leaders have encouraged voter participation of all races, and they have endorsed the candidacy of Negroes as nominces of both parties to the State legislature in the forthcoming elections.

4. The Federal Bureau of Investigation. Through the years they have enjoyed world renown as the most respected such organization in the world. If the duties of the Bureau are to be reduced to such muckraking, then the present high caliber personnel will neither be needed, nor be retained.

As a citizen, and as a public official, I welcome any legitimate investigation, but I definitely question the motives behind this one. When has it been the practice of the FBI to publicize and signal its intention to conduct an investigation on all subjects? Publication of such intent is an indictment, per se, in the eyes of the general public.

In closing, let me express the hope that this decision was the brainchild of an unqualified underling, and that clarification, and apology, will be forthcoming from your office.

Respectfully yours,

EARLE CABELL,
Member of Congress.

FREEDOM'S BEACON

(Mr. PRICE asked and was given permission to address the House for 1 minute, and to revise and extend his remarks and include an editorial.)

Mr. PRICE. Mr. Speaker, the Chicago Daily News points out in a recent editorial:

In one of his most eloquent speeches, President Johnson answered 10 questions still being asked about Vietnam, within the broad context of freedom and what freedom means.

It goes on to say:

What emerged was not only a clearer definition of the self-imposed limits operative in southeast Asia, but a clearer vision of American aspirations and the guidelines for world leadership as the President sees them.

The paper believes that:

Surely freedom is at the heart of the struggle in Vietnam and no less involved in the great issues of race, religion, and politics that suffuse both the domestic and the international scene. And freedom was and is the beacon that the United States has held aloft for the world.

The appraisal given by the Chicago Daily News will be of interest to others, and because many will want to read the editorial in its entirety I herewith offer it for publication in the RECORD:

FREEDOM'S BEACON

The critics of the administration's Vietnam policy—the hawks and the doves and the dawks—have all had their turns at pecking in recent days. Wednesday night came the turn of the man who alone bears the burden of final decision.

In one of his most eloquent speeches, President Johnson answered 10 questions still being asked about Vietnam, within the broad context of freedom and what freedom means. What emerged was not only a clearer definition of the self-imposed limits operative in southeast Asia, but a clearer vision of American aspirations and the guidelines for world leadership as the President sees them.

For the doves, Mr. Johnson had reassurance that the United States is not "caught in a blind escalation of force that is pulling us headlong toward a wider war." For the hawks, he had the promise that aggression will continue to be opposed by whatever force is required to stop it. For the government in Hanoi, he had a warning that free discussion in a free nation means neither weakness nor indecision:

"We are united in our commitment to free discussion. So also we are united in our determination that no foe anywhere should mistake our arguments for indecision—or our debates for weakness."

But in addressing Freedom House and accepting its award, the President also took the occasion to reevaluate and expand a vision of a quarter-century ago. Harking back to Franklin D. Roosevelt's "four freedoms," he noted the considerable progress America has made toward achieving the goals of freedom from want and fear, and preserving freedom of speech and worship.

Then, to the original four, he added three of his own: Freedom to learn, freedom to grow, freedom to hope.

Like his idol, President Roosevelt, Lyndon Johnson put his "freedoms" in a global setting, not as goals merely for Americans, but for all mankind. There is, in this declaration, an extension of a pattern that has been evolving in Mr. Johnson's recent messages on foreign policy and foreign aid, and especially in his emphasis on the civilian aspects of the struggle in Vietnam.

Some may see the emerging pattern as an attempt to export the Great Society before we have made adequate progress in building it here. Others may see it as unconscionable meddling or a meaningless mixture of corn and politics. Still others may view it as unbridled idealism—lovely to look at but without substance.

There may indeed be some or all of these elements in Mr. Johnson's vision of freedom in a world that has too little of it. Yet surely freedom is at the heart of the struggle in Vietnam and no less involved in the great issues of race, religion, and politics that suffuse both the domestic and the international scene. And freedom was and is the beacon that the United States has held aloft for the world.

Perhaps the world will understand us a little better because of what Mr. Johnson said Wednesday night and see us for what we are: a nation striving in an imperfect way to kindle the aspirations of mankind and lead—or at least point—the way toward a better life in a freer world.

LEGISLATION TO REGULATE COMMUNITY ANTENNA SYSTEMS

(Mr. STAGGERS asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include pertinent material.)

Mr. STAGGERS. Mr. Speaker, I am introducing today a bill which has been submitted by the Federal Communications Commission which would authorize the Commission to issue rules and regulations with respect to community antenna systems. This bill has been submitted to the Congress in accordance with the Commission's earlier statement that it would recommend legislation in this area.

Mr. Speaker, in order to advise the Members of the House and the public in general of the reasons which moved the Commission to submit this particular bill, I am including in the RECORD at this point the text of the bill, an explanation of the bill submitted by the Commission, and a letter from Chairman Henry addressed to me in connection with this legislation:

H.R. 13286

A bill to amend the Communications Act of 1934 to authorize the Federal Communications Commission to issue rules and regulations with respect to community antenna systems, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 of the Communications Act of 1934 (47 U.S.C. 153) is amended by adding at the end thereof the following new subsection:

"(gg) 'Community antenna system' means any facility which, in whole or in part, receives directly or indirectly over the air and amplifies or otherwise modifies the signals transmitting programs broadcast by one or more broadcast stations and distributes such signals by wire or cable to subscribing members of the public who pay for such service."

SEC. 2. Part I of title III of the Communications Act of 1934 is amended by adding at the end thereof the following new section:

"COMMUNITY ANTENNA SYSTEMS

"SEC. 331. (a) The Commission shall, as the public interest, convenience or nccessity requires, have authority—

"(1) to issue orders, make rules and regulations, and prescribe such conditions or restrictions with respect to the construction, technical characteristics, and operation of community antenna systems, to the extent necessary to carry out the purposes of this Act, with due regard to both the establishment and maintenance of broadcast services and the provision of muitiple reception services; and

"(2) to make general rules exempting from regulation, in whole or in part, community antenna systems where it is determined that such regulation is unnecessary because of the size or nature of the systems so exempted.

"(b) No community antenna system shall transmit over its system any program or other material other than that which it has received directly or indirectly over the air from a broadcast station, except that the Commission may, upon an express finding that it would serve the public interest, authorize by general rule limited exceptions to permit such transmissions without any additional charge to subscribers.

"(c) Nothing in this Act or any regulation promulgated hereunder shall preclude or supersede legislation relating to, or regulation of, community antenna systems by or under the authority of any State or Territory, the District of Columbia, the Commonwealth of Puerto Rico or any possession of the United States except to the extent of direct conflict with the provisions of this Act or regulations promulgated hereunder."

EXPLANATION OF PROPOSED AMENDMENTS TO THE COMMUNICATIONS ACT OF 1934, AS AMENDED, CONCERNING REGULATION OF COMMUNITY ANTENNA SYSTEMS

These proposals for amendments to the Communications Act are submitted pursuant to the Commission's determination, announced in its public notice of February 15, 1966, that it would make the following recommendations for legislation to the Congress:

(a) Clarification and confirmation of FCC jurisdiction over CATV systems generally, along with such specific provisions as are deemed appropriate.

(b) Prohibition of the origination of program or other material by a CATV system with such limitations or exceptions, if any, as are deemed appropriate.

(c) Consideration of whether, to what extent, and under what circumstances CATV systems should be required to obtain the consent of the originating broadcast station for the retransmission of the signal by the CATV system.

(d) Consideration of whether CATV systems should or should not be deemed public utilities. In this connection, Congress will be asked to consider the appropriate relationship of Federal to State-local jurisdiction in the CATV field, with particular reference to initial franchising, rate regulation, and extension of service.

The Commission has determined that it has jurisdiction over all CATV systems, and it has asserted that jurisdiction to the extent necessary to carry out the announced regulatory program. However, given the importance of CATV, we believe it highly desirable that Congress amend the Communications Act to confirm that jurisdiction and to establish such basic national policy as it deems appropriate.

The proposed new subsection 3(h) of the Communications Act broadly defines a "community antenna system" to include any facility which receives broadcast signals[1] over the air[2] and distributes them by means of wire or cable to subscribing members of the public. While the definition is all-inclusive, we believe it is unnecessary to impose regulations on all systems. Therefore, the proposed new section 331(a)(2) would empower the Commission to exempt from regulation, by general rule, systems, which, because of

[1] Both radio and television signals are included. While we are aware of no community antenna system which now distributes only radio signals, some systems do distribute signals from both radio and television broadcast stations.

[2] This would include signals received directly off the air from a broadcast station, as well as those broadcast and then relayed by means of a microwave relay system.

H. R. 12322

AN ACT

89TH CONGRESS
2D SESSION

H. R. 12322

IN THE SENATE OF THE UNITED STATES

MARCH 4, 1966

Read twice and referred to the Committee on Agriculture and Forestry

AN ACT

To enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be known as the Cotton Research and Promotion Act.

LEGISLATIVE FINDINGS AND DECLARATION OF POLICY

SEC. 2. Cotton is the basic natural fiber of the Nation. It is produced by many individual cottongrowers throughout the various cotton-producing States of the Nation. Cotton moves in large part in the channels of interstate and foreign

commerce and such cotton which does not move in such channels directly burdens or affects interstate commerce in cotton and cotton products. All cotton produced in the United States is in the current of interstate or foreign commerce or directly burdens, obstructs, or affects interstate or foreign commerce in cotton and cotton products. The efficient production of cotton and the maintenance and expansion of existing markets and the development of new or improved markets and uses is vital to the welfare of cotton-growers and those concerned with marketing, using, and processing cotton as well as the general economy of the Nation. In the years since World War II, United States cotton and the products thereof have been confronted with intensive competition, both at home and abroad, from foreign-grown cotton and from other fibers, primarily man-made fibers. The great inroads on the market and uses for United States cotton which have been made by manmade fibers have been largely the result of extensive research and promotion which have not been effectively matched by cotton research and promotion. The production and marketing of cotton by numerous individual farmers have prevented the development and carrying out of adequate and coordinated programs of research and promotion necessary to the maintenance and improvement of the competitive position of, and markets for, cotton. Without an effective

and coordinated method for assuring cooperative and collective action in providing for, and financing such programs, individual cotton farmers are unable adequately to provide or obtain the research and promotion necessary to maintain and improve markets for cotton.

It has long been found to be in the public interest to have, or endeavor to have, a reasonable balance between the supply of and demand for cotton grown in this country. To serve this public interest the Congress has provided for the comprehensive exercise of regulatory authority in regulating the handling of such cotton supplemented by price-support programs with the objective of adjusting supply to demand in the interest of benefiting producers and all others concerned with the production and handling of cotton as well as the general economy of the country. In order for the objective of such programs to be effectuated to the fullest degree, it is necessary that the existing regulation of marketing be supplemented by providing as part of the overall governmental program for effectuating this objective, means of increasing the demand for cotton with the view of eventually reducing or eliminating the need for limiting marketings and supporting the price of cotton.

It is therefore declared to be the policy of the Congress and the purpose of this Act that it is essential in the public interest through the exercise of the powers provided herein,

to authorize and enable the establishment of an orderly procedure for the development, financing through adequate assessments on all cotton harvested in the United States, and carrying out an effective and continuous coordinated program of research and promotion designed to strengthen cotton's competitive position and to maintain and expand domestic and foreign markets and uses for United States cotton.

COTTON RESEARCH AND PROMOTION ORDERS

SEC. 3. To effectuate the declared policy of this Act, the Secretary shall, subject to the provisions of this Act, issue and from time to time amend, orders applicable to persons engaged in the harvesting, marketing, ginning, or other handling of cotton, hereinafter referred to as handlers. Such orders shall be applicable to all production or marketing areas, or both, in the United States.

NOTICE AND HEARING

SEC. 4. Whenever the Secretary has reason to believe that the issuance of an order will tend to effectuate the declared policy of this Act, he shall give due notice and opportunity for a hearing upon a proposed order. Such hearing may be requested and a proposal for an order submitted by any cotton producer organization certified pursuant to section 14 of this Act or by any other interested person or persons, including the Secretary.

FINDING AND ISSUANCE OF AN ORDER

SEC. 5. After notice and opportunity for hearing as provided in section 4, the Secretary shall issue an order if he finds, and sets forth in such order, upon the evidence introduced at such hearing, that the issuance of such order and all the terms and conditions thereof will tend to effectuate the declared policy of this Act.

PERMISSIVE TERMS IN ORDERS

SEC. 6. Orders issued pursuant to this Act shall contain one or more of the following terms and conditions, and except as provided in section 7, no others.

(a) Providing for the establishment, issuance, effectuation, and administration of appropriate plans or projects for the advertising and sales promotion of cotton and its products and for the disbursement of necessary funds for such purposes: *Provided, however,* That any such plan or project shall be directed toward increasing the general demand for cotton or its products but no reference to a private brand or trade name shall be made if the Secretary determines that such reference will result in undue discrimination against the cotton products of other persons: *And provided further,* That no such advertising or sales promotion programs shall make use of false or unwarranted claims in behalf of cotton or its products or false or unwarranted statements with respect to the quality, value, or use of any competing product.

(b) Providing for establishing and carrying on research and development projects and studies with respect to the production, ginning, processing, distribution, or utilization of cotton and its products, to the end that the marketing and utilization of cotton may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(c) Providing that handlers or any class of handlers maintain and make available for inspection such books and records as may be required by the order and for the filing of reports by such handlers at the times, in the manner, and having the content prescribed by the order, to the end that information and data shall be made available to the Cotton Board and to the Secretary which is appropriate or necessary to the effectuation, administration, or enforcement of the Act or of any order or regulation issued pursuant to this Act: *Provided, however,* That all information so obtained shall be kept confidential by all officers and employees of the Department of Agriculture and of the Cotton Board, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or upon the request, of the Secretary of Agriculture, or to which he or any officer of the United States is a party, and involving the order with reference to which the information

so to be disclosed was furnished or acquired. Nothing in this section shall be deemed to prohibit (1) the issuance of general statements based upon the reports of a number of handlers subject to an order, which statements do not identify the information furnished by any person, or (2) the publication by direction of the Secretary, of the name of any person violating any order, together with a statement of the particular provisions of the order violated by such person. Any such officer or employee violating the provisions of this subsection shall upon conviction be subject to a fine of not more than $1,000 or to imprisonment for not more than one year, or to both, and shall be removed from office.

(d) Terms and conditions incidental to and not inconsistent with the terms and conditions specified in this Act and necessary to effectuate the other provisions of such order.

REQUIRED TERMS IN ORDERS

SEC. 7. Orders issued pursuant to this Act shall contain the following terms and conditions:

(a) Providing for the establishment and selection by the Secretary, of a Cotton Board, and defining its powers and duties, which shall include only the powers:

(1) To administer such order in accordance with its terms and provisions;

(2) To make rules and regulations to effectuate the terms and provisions of such order, including the designa-

tion of the handler responsible for collecting the producer assessment;

(3) To receive, investigate, and report to the Secretary complaints of violations of such order; and

(4) To recommend to the Secretary amendments to such order.

(b) Providing that the Cotton Board shall be composed of representatives of cotton producers selected by the Secretary from nominations submitted by eligible producer organizations within a cotton-producing State, as certified pursuant to section 14 of this Act, or, if the Secretary determines that a substantial number of producers are not members of or their interests are not represented by any such eligible producer organizations, from nominations made by producers in the manner authorized by the Secretary, so that the representation of cotton producers on the Board for each cotton-producing State shall reflect, to the extent practicable, the proportion which that State's marketings of cotton bears to the total marketings of cotton in the United States: *Provided, however,* That each cotton-producing State shall be entitled to at least one representative on the Cotton Board.

(c) Providing that the Cotton Board shall, subject to the provisions of subsection (g) of this section, develop and submit to the Secretary for his approval any advertising or sales promotion or research and development plans or proj-

ects, and that any such plan or project must be approved by the Secretary before becoming effective.

(d) Providing that the Cotton Board shall, subject to the provisions of subsection (g) of this section, submit to the Secretary for his approval, budgets on a fiscal period basis of its anticipated expenses and disbursements in the administration of the order, including probable costs of advertising and promotion and research and development projects.

(e) Providing that the producer or other person for whom the cotton is being handled shall pay to the handler of cotton designated by the Cotton Board pursuant to regulations issued under the order and that such handler of cotton shall collect from the producer or other person for whom the cotton, including cotton owned by the handler, is being handled, and shall pay to the Cotton Board, an assessment prescribed by the order, on the basis of bales of cotton handled, for such expenses and expenditures, including provision for a reasonable reserve, as the Secretary finds are reasonable and likely to be incurred by the Cotton Board under the order, during any period specified by him. To facilitate the collection and payment of such assessments, the Cotton Board may designate different handlers or classes of handlers to recognize differences in marketing

practices or procedures utilized in any State or area, except that no more than one such assessment shall be made on any bale of cotton. The rate of assessment prescribed by the initial order shall be $1 per bale of cotton handled, and such rate may not be changed except by further order duly approved by the Secretary on the basis of a hearing and subject to approval by cotton producers in a referendum pursuant to section 8. The Secretary may maintain a suit against any person subject to the order for the collection of such assessment, and the several district courts of the United States are hereby vested with jurisdiction to entertain such suits regardless of the amount in controversy: *Provided,* That the remedies provided in this section shall be in addition to, and not exclusive of, the remedies provided for elsewhere in this Act or now or hereafter existing at law or in equity.

(f) Providing that the Cotton Board shall maintain such books and records and prepare and submit such reports from time to time, to the Secretary as he may prescribe, and for appropriate accounting by the Cotton Board with respect to the receipt and disbursement of all funds entrusted to it.

(g) Providing that the Cotton Board, with the approval of the Secretary, shall enter into contracts or agreements for the development and carrying out of the activities authorized

under the order pursuant to sections 6 (a) and (b), and for the payment of the costs thereof with funds collected pursuant to the order, with an organization or association whose governing body consists of cotton producers selected by the cotton producer organizations certified by the Secretary under section 14, in such manner that the producers of each cotton-producing State will, to the extent practicable, have representation on the governing body of such organization in the proportion that the cotton marketed by the producers of such State bears to the total cotton marketed by the producers of all cotton-producing States, subject to adjustments to reflect lack of participation in the program by reason of refunds under section 11. Any such contract or agreement shall provide that such contracting organization or association shall develop and submit annually to the Cotton Board, for the purpose of review and making recommendations to the Secretary, a program of research, advertising, and sales promotion projects, together with a budget, or budgets, which shall show the estimated cost to be incurred for such projects, and that any such projects shall become effective upon approval by the Secretary. Any such contract or agreement shall also provide that the contracting organization shall keep accurate records of all its transactions and make an annual report to the Cotton Board of

activities carried out and an accounting for funds received and expended, and such other reports as the Secretary may require.

(h) Providing that no funds collected by the Cotton Board under the order shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsection (a) (4) of this section.

REQUIREMENT OF REFERENDUM AND COTTON PRODUCER APPROVAL

SEC. 8. The Secretary shall conduct a referendum among cotton producers for the purpose of ascertaining whether the issuance of an order is approved or favored by producers. No order issued pursuant to this Act shall be effective unless the Secretary determines that the issuance of such order is approved or favored by not less than two-thirds of the cotton producers voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production of cotton, or by cotton producers voting in the referendum who, during such representative period, have produced at least two-thirds of the volume of cotton produced by such producers.

SUSPENSION AND TERMINATION OF ORDERS

SEC. 9. (a) The Secretary shall, whenever he finds that any order issued under this Act, or any provision

thereof, obstructs or does not tend to effectuate the declared policy of this Act, terminate or suspend the operation of such order or such provision thereof.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of 10 per centum or more of the number of cotton producers voting in the referendum approving the order, to determine whether cotton producers favor the termination or suspension of the order, and he shall suspend or terminate such order at the end of the marketing year, as defined in the order, whenever he determines that suspension or termination of the order is approved or favored by a majority of the producers of cotton voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production of cotton, and who produced more than 50 per centum of the volume of the cotton produced by the cotton producers voting in the referendum.

(c) The termination or suspension of any order, or any provision thereof, shall not be considered an order within the meaning of this Act.

PROVISIONS APPLICABLE TO AMENDMENTS

SEC. 10. The provisions of this Act applicable to orders shall be applicable to amendments to orders.

PRODUCER REFUNDS

SEC. 11. Notwithstanding any other provision of this Act, any cotton producer against whose cotton any assessment is made and collected from him under the authority of this Act and who is not in favor of supporting the research and promotion program as provided for herein shall have the right to demand and receive from the Cotton Board a refund of such assessment: *Provided,* That such demand shall be made personally by such producer in accordance with regulations and on a form and within a time period prescribed by the Board and approved by the Secretary, but in no event less than ninety days, and upon submission of proof satisfactory to the Board that the producer paid the assessment for which refund is sought, and any such refund shall be made within sixty days after demand therefor.

PETITION AND REVIEW

SEC. 12. (a) Any person subject to any order may file a written petition with the Secretary, stating that any such order or any provision of such order or any obligation imposed in connection therewith is not in accordance with law and praying for a modification thereof or to be exempted therefrom. He shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations made by the Secretary. After such hearing, the Secretary

shall make a ruling upon the prayer of such petition which shall be final, if in accordance with law.

(b) The district courts of the United States in any district in which such person is an inhabitant, or has his principal place of business, are hereby vested with jurisdiction to review such ruling, provided a complaint for that purpose is filed within twenty days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the Secretary by delivering to him a copy of the complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted pursuant to subsection (a) of this section shall not impede, hinder, or delay the United States or the Secretary from obtaining relief pursuant to section 13 (a) of this Act.

ENFORCEMENT

SEC. 13. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating any order or regulation made or issued pursuant to this Act.

(b) Any handler who willfully violates any provision of any order issued by the Secretary under this Act, or who willfully fails or refuses to collect or remit any assessment or fee duly required of him thereunder, shall be liable to a penalty of not more than $1,000 for each such offense which shall accrue to the United States and may be recovered in a civil suit brought by the United States.

CERTIFICATION OF COTTON PRODUCER ORGANIZATION

SEC. 14. The eligibility of each cotton producer organization to represent cotton producers of a cotton producing State to request the issuance of an order under section 4, and to participate in the making of nominations under section 7 (b) shall be certified by the Secretary and shall be based in addition to other available information upon a factual report submitted by the organization which shall contain information deemed relevant and specified by the Secretary for the making of such determination, including the following:

(a) Geographic territory within the State covered by the organization's active membership;

(b) Nature and size of the organization's active membership in the State, proportion of total of such active membership accounted for by farmers, a map showing the cotton-producing counties in such State in

which the organization has members, the volume of cotton produced in each such county, the number of cotton producers in each such county, and the size of the organization's active cotton producer membership in each such county;

(c) The extent to which the cotton producer membership of such organization is represented in setting the organization's policies;

(d) Evidence of stability and permanency of the organization;

(e) Sources from which the organization's operating funds are derived;

(f) Functions of the organization; and

(g) The organization's ability and willingness to further the aims and objectives of this Act:

Provided, however, That the primary consideration in determining the eligibility of an organization shall be whether its cotton farmer membership consists of a sufficiently large number of the cotton producers who produce a relatively significant volume of cotton to reasonably warrant its participation in the nomination of members for the Cotton Board. The Secretary shall certify any cotton producer organization which he finds to be eligible under this section, and his determination as to eligibility shall be final.

REGULATIONS

SEC. 15. The Secretary is authorized to make such regulations with the force and effect of law, as may be necessary to carry out the provisions of this Act and the powers vested in him by this Act.

INVESTIGATIONS: POWER TO SUBPENA AND TAKE OATHS AND AFFIRMATIONS: AID OF COURTS: SELF-INCRIMINATION

SEC. 16. (a) The Secretary may make such investigations as he deems necessary for the effective carrying out of his responsibilities under this Act or to determine whether a handler or any other person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, or of any order, or rule or regulation issued under this Act. For the purpose of any such investigation, the Secretary is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents which are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpena issued to, any person, including a handler, the Secretary may invoke the aid of any

court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring such person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

(b) No person shall be excused from attending and testifying or from producing books, papers, and documents before the Secretary, or in obedience to the subpena of the Secretary, or in any cause or proceeding, criminal or otherwise, based upon or growing out of any alleged violation of this Act, or of any order, or rule or regulation issued thereunder on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction,

matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

DEFINITIONS

SEC. 17. As used in this Act:

(a) The term "Secretary" means the Secretary of Agriculture.

(b) The term "person" means any individual, partnership, corporation, association, or any other entity.

(c) The term "cotton" means all upland cotton harvested in the United States, and, except as used in section 7(e), includes cottonseed of such cotton and the products derived from such cotton and its seed.

(d) The term "handler" means any person who handles cotton or cottonseed in the manner specified in the order or in the rules and regulations issued thereunder.

(e) The term "United States" means the 50 States of the United States of America.

(f) The term "cotton-producing State" means any State in which the average annual production of cotton during the five years 1960–1964 was twenty thousand bales or more, except that any State producing cotton whose produc-

tion during such period was less than such amount shall under regulations prescribed by the Secretary be combined with another State or States producing cotton in such manner that such average annual production of such combination of States totaled twenty thousand bales or more, and the term "cotton-producing State" shall include any such combination of States.

(g) The term "marketing" includes the sale of cotton or the pledging of cotton to the Commodity Credit Corporation as collateral for a price support loan.

SEPARABILITY

SEC. 18. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION

SEC. 19. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such funds as are necessary to carry out the provisions of this Act. The funds so appropriated shall not be available for the payment of the expenses or expenditures of the Cotton Board in administering any provisions of any order issued pursuant to the terms of this Act.

EFFECTIVE DATE

SEC. 20. This Act shall take effect upon enactment.

Passed the House of Representatives March 3, 1966.

Attest: RALPH R. ROBERTS,

Clerk.

89TH CONGRESS
2D SESSION

H. R. 12322

AN ACT

To enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

MARCH 4, 1966

Read twice and referred to the Committee on Agriculture and Forestry

DIGEST of Congressional Proceedings

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WASHINGTON, D. C. 20250
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Foreign aid.....17	Parity.....16	

HIGHLIGHTS: House agreed to conference report on bill to permit alternate crops in disaster areas. Senate subcommittee approved school milk, cotton promotion, and parity price-income bills. Senate committee voted to report dog-cat handling bill.

HOUSE

1. DISASTER RELIEF. Agreed to the conference report on H. R. 15151, to permit the planting of alternate crops on acreage which is unplanted because of natural disaster. p. 11878

2. LEGISLATIVE APPROPRIATION BILL. Passed as reported this bill, H. R. 15456, which includes funds for the Government Printing Office and the Library of Congress. pp. 11881-8

3. ELECTRIFICATION. Rep. Hungate spoke in support of the REA program. pp. 11906-8

4. MONOPOLIES. Rep. Patman commended the Supreme Court's decision in the Von's Grocery Case and asked strong enforcement of the anti-trust laws. pp. 11909-17

5. PRICES. Rep. Curtis said all prices are not up and that there are improved quality, wider distribution, increased wages, etc. pp. 11920-3

6. SOIL CONSERVATION. Rep. Quie commended the work of the soil conservation districts. p. 11923

7. FARM PROGRAM. Rep. Poage and others debated the farm program. pp. 11923-30

8. PORK PURCHASES. Rep. Quie questioned the accuracy of the Secretary's statement on pork purchases by the Defense Department and inserted an article on this subject. pp. 11932-3

9. PUBLIC DEBT. The Rules Committee reported a resolution for consideration of H. R. 15202, to provide for an increase in the public debt (p. 11945). This bill is to be debated today (p. D497).

10. POVERTY. H. R. 15111, the "Economic Opportunity Amendments of 1966," as reported June 1, includes provisions for enrollment of more women in the Job Corps and to raise the limit on loans to low-income rural families from $2,500 to $3,000.

SENATE

11. SCHOOL MILK. Sen. Proxmire inserted a statement by Sen. Inouye commending S. 2921, the Proxmire school milk bill. pp. 11847-8

12. FISHERY RESOURCES. Passed as reported S. J. Res. 29, to direct the Interior Department to survey the coastal and fresh-water commercial fishery resources. pp. 11850-1

13. WATER RESEARCH. Sen. Monroney inserted James M. Quigley's statement at the dedication ceremonies for the Kerr Water Research Center in Okla. pp. 11854-6

14. PACKAGING; LABELING. Continued debate on S. 985, the fair packaging and labeling bill. p. 11869

15. RESEARCH ANIMALS. The Commerce Committee voted to report (but did not actually report) H. R. 13881, to regulate the transportation, sale, and handling of dogs and cats intended to be used for experimental purposes. p. D496

16. MILK; COTTON; PARITY. A subcommittee of the Agriculture and Forestry Committee approved for full committee action ~~S. 2921, the Proxmire school milk bill~~; H. R. 12322, the cotton promotion bill; ~~and S. Con. Res. 88, to make it explicit that the parity price and income goal for agriculture shall be binding on all Government agencies~~. p. D495

Daily Digest

HIGHLIGHTS

Senate passed bill on bank holding companies, three sundry bills on calendar call, and resumed consideration of bill on packaging and labeling.

House passed the Legislative Appropriations Act for fiscal year 1967.

House passed the Bail Reform Act of 1966.

Senate

Chamber Action

Routine Proceedings, pages 11846–11861

Bills Introduced: Six bills were introduced, as follows: S. 3472–3477. Page 11845

Bills Referred: Eight House-passed bills were referred to appropriate committees. Page 11846

Calendar Call: On call of calendar, three measures were passed, as follows:

Without amendment and cleared for President:

Railway labor: H.R. 706, to provide for the establishment of special adjustment boards to resolve disputes referable to the National Railroad Adjustment Board at the request of a carrier or employee group (motion to reconsider tabled).

With amendment and cleared for House:

Fisheries: S.J. Res. 29, authorizing a survey of marine and fresh water commercial fishery resources of the U.S. and its possessions; and

Public lands—Alaska: S. 2412, terminating use restrictions on certain real property previously conveyed to Kodiak, Alaska, by the U.S. Pages 11849–11851

Authority To Meet: Committee on Foreign Relations was authorized to meet on Wednesday, June 8, while Senate is in session. Page 11846

Banking: Senate passed (motion to reconsider tabled) H.R. 7371, to amend in several regards the Bank Holding Company Act of 1956, after adopting committee amendment in the nature of a substitute, as amended, and rejecting three additional amendments thereto as follows:

By 35 yeas to 47 nays (motion to reconsider tabled), Lausche amendment to give to each group of banks involved in the bill until June 30, 1973, to divest nonbanking interests; by 16 yeas to 64 nays, Hart amendment to strike section 11 of the bill respecting application of antitrust laws; and Long (Louisiana) amendment authorizing Comptroller of the Currency to acquire and hold stock or other evidences of ownership in one or more banks organized under the law of a foreign country or a U.S. dependency or insular possession. Pages 11861–11869

Packaging and Labeling: Senate resumed its consideration of S. 985, proposed Fair Packaging and Labeling Act of 1966. Pending at adjournment was Cotton amendment to eliminate language in the bill to establish procedures for the development of standards of weights or quantities for the retail distribution of consumer commodities. Vote will be taken on this amendment at 4 p.m. on Wednesday, June 8. Page 11869

Nomination: Two judicial nominations were received. Page 11876

Record Votes: Two record votes were taken today. Pages 11864, 11865–11866

Program for Wednesday: Senate met at 11 a.m. and adjourned at 1:41 p.m. until noon Wednesday, June 8, when it will continue on S. 985, packaging and labeling, with vote on pending Cotton amendment to be taken at 4 p.m. Page 11876

Committee Meetings

(*Committees not listed did not meet*)

MILK, COTTON, AND FARM PRICES

Committee on Agriculture and Forestry: Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, in executive session, approved for full committee consideration with amendments S. 2921, authorizing funds for programs to provide milk for schoolchildren.

Subcommittee agreed to report to the full committee without prejudice H.R. 12322, authorizing establishment of a program to promote the U.S. cotton industry.

Subcommittee referred back to the full committee S. Con. Res. 88, to make it explicit that parity price and income goal for agriculture shall be binding on all Government agencies.

COMMITTEE BUSINESS

Committee on Commerce: Committee, in executive session, ordered favorably reported with amendments S. 2218, to establish a contiguous fishery zone beyond the territorial sea of the U.S., and H.R. 13881, to regulate the transportation, sale, and handling of dogs and cats intended to be used for experimental purposes.

Committee also considered S. 3005, to establish motor vehicle safety standards, but did not complete action thereon, and will meet again tomorrow.

MERCHANT MARINE

Committee on Commerce: The Merchant Marine and Fisheries Subcommittee continued its hearings to receive testimony on merchant marine fleet replacement problems, having as its witnesses W. Lyle Bull and Richard W. Kurrus, both of the American Export Isbrandtsen Lines, Inc.; and William T. Moore, president, Moore-McCormack Lines, Inc.

Hearings were recessed subject to call.

FOREIGN AID AUTHORIZATIONS

Committee on Foreign Relations: Committee continued its executive consideration of S. 2859, fiscal 1967 authorizations for the foreign aid program, and S. 2861, proposed Military Assistance and Sales Act, but made no announcements, and will meet again for their further consideration tomorrow.

DEPARTMENT OF TRANSPORTATION

Committee on Government Operations: Committee held an executive meeting and considered S. 3010, to create at the cabinet level a Department of Transportation, but took no final action, and recessed subject to call.

CIVIL RIGHTS

Committee on the Judiciary: Constitutional Rights Subcommittee continued hearings on S. 3296, proposed Civil Rights Act of 1966, and other pending related bills, receiving further testimony from Attorney General Nicholas deB. Katzenbach.

Hearings continue tomorrow.

ANTITRUST

Committee on the Judiciary: Antitrust and Monopoly Subcommittee continued hearings in connection with its study of international aspects of antitrust, having as its witnesses Carl H. Fulda, professor of law, University of Texas; and James A. Rahl, professor of law, Northwestern University.

Hearings continue tomorrow.

INVASIONS OF PRIVACY

Committee on the Judiciary: Subcommittee on Administrative Practice and Procedure resumed its inquiry into wiretapping, eavesdropping, and other forms of invasions of privacy, this series of hearings to be concentrated on industrial espionage, especially as it relates to proceedings before Federal agencies. Witnesses heard were Bernard Spindel, a private investigator of New York City; and William Hussey, former special agent of the New York Telephone Co.

Hearings continue tomorrow.

MINE SAFETY

Committee on Labor and Public Welfare: Committee, in executive session, ordered favorably reported with amendments H.R. 8989, to promote health and safety in metal and nonmetallic mineral industries.

MANPOWER RESOURCES

Committee on Labor and Public Welfare: Subcommittee on Employment, Manpower, and Poverty met in executive session and agreed to recommend for full committee consideration additional amendments to the bill S. 2974, to provide for more effective development and utilization of the Nation's manpower, to which bill the subcommittee had previously given conditional approval.

HIGHWAY TRAFFIC SAFETY

Committee on Public Works: Committee, in executive session, ordered favorably reported with amendments S. 3052, providing for a coordinated national highway safety program.

Also, committee approved for reporting the nomination of William M. McCandless, of Oklahoma, to be Federal Cochairman, Ozarks Regional Commission.

AIR POLLUTION

Committee on Public Works: Subcommittee on Air and Water Pollution began hearings on S. 3112, authorizing grants under the Clean Air Act for maintenance of air pollution control programs, and S. 3400, authorizing programs to provide for a more orderly system for the disposal of junked autos, and other pending air pollution abatement legislation. Witnesses heard were Senator Douglas; John W. Gardner, Secretary of HEW; and Norman Cousins, editor, Saturday Review, and chairman, Task Force on Air Pollution of the Mayor of New York.

Hearings continue tomorrow.

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Farm labor.....19,24	Parity.....8	Taxation.....28
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Great Society.....23	Prices.....8,21,24	Wheat certificates.....9

HIGHLIGHTS: Senate debated bill to authorize alternate crops for disaster areas. Senate debated fair packaging-labeling bill. Senate committee reported bill for water-resources survey.

SENATE

1. DISASTER RELIEF. Began debate on the conference report on H. R. 15151, to permit the planting of alternate crops on acreage which is unplanted because of natural disaster. pp. 12086-93, 12094-100

2. PACKAGING; LABELING. Continued debate on S. 985, the fair packaging and labeling bill. pp. 12022-31, 12061-80, 12093-4, 12100

3. WATER RESOURCES. The Interior and Insular Affairs Committee reported with amendments S. 3107, to provide for a comprehensive review of national water resources problems and programs (S. Rept. 1212). p. 12018

4. FOOD SHORTAGE. Sen. Mondale expressed concern about the world food shortage and submitted an amendment which he intends to propose to S. 2859, the foreign aid bill, to provide for assistance in food-production development in foreign countries. pp. 12019-22

5. RESEARCH ANIMALS. Sen. Mondale commended various interests in Minn. for getting together on a recommendation for legislation relating to handling and care of research animals and inserted articles on this matter. pp. 12047-8

6. SCHOOL MILK. Sen. Proxmire spoke in favor of his school milk bill, S. 2921, and inserted favorable testimony of Rep. Culver. p. 12042

7. HAWAII LOANS. The Agriculture and Forestry Committee voted to report (but did not actually report) with amendment S. 112, authorizing this Department to make real estate mortgage loans on leased lands in Hawaii. p. D503

8. PARITY. The Agriculture and Forestry Committee voted to report (but did not actually report) with amendments S. Con. Res. 88, to make it explicit that the parity price and income goal for agriculture shall be binding on all Government agencies. p. D503

9. WHEAT CERTIFICATES. The Agriculture and Forestry Committee indefinitely postponed H. R. 15089, to permit the Secretary of Agriculture to estimate the July 1966 parity price for wheat in order to expedite issuance of wheat marketing certificates to complying farmers. p. D503

10. SCHOOL MILK; CHILD NUTRITION. The Agriculture and Forestry Committee considered S. 2921, the Proxmire school milk bill, and S. 3467, the child nutrition bill, and announced that hearings will be held on the child nutrition bill. p. D503

11. COTTON. The Agriculture and Forestry Committee announced that it will consider H. R. 12322, the cotton promotion bill, today. p. D503

12. BANKING. The Banking and Currency Committee reported without amendment S. 3368, to extend for 2 years the authority of Federal Reserve banks to purchase U. S. obligations directly from the Treasury (S. Rept. 1215). p. 12018

13. TARIFF. The Finance Committee reported without amendment H. R. 12676, to provide that certain forms of copper be admitted free of duty (S. Rept. 1220). p. 12018

14. INFORMATION. Sen. Miller was added as a cosponsor of S. Res. 270, authorizing an investigation of premature disclosure of information relating to increased production of soybeans and other agricultural commodities. p. 12031

15. PUBLIC LANDS. Sen. Mundt inserted a speech by Milton A. Pearl, Director of the Public Land Law Review Commission, on the history of public lands and plans for the Commission. pp. 12048-9

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HIGHLIGHTS: House passed food for freedom bill. Senate agreed to conference report on bill to permit alternate crops in disaster areas. Senate passed fair packaging-labeling bill. Senate passed National Water Commission bill.

SENATE

1. DISASTER RELIEF. Agreed to the conference report on H. R. 15151, to permit planting of alternate crops on acreage unplanted because of natural disaster. Rejected, 24-59, a motion by Sen. Williams, Del., to postpone further consideration until June 15. This bill will now be sent to the President. pp. 12153-61

   Sen. Pearson asked relief for the tornado-stricken areas of Kans. pp. 12225-6

2. PACKAGING; LABELING. Passed, 72-9, with amendments S. 985, the fair packaging and labeling bill. pp. 12161-214

3. WATER RESOURCES. Passed as reported S. 3107, to create a National Water Commission to survey water resource problems and programs. pp. 12245-8

4. COTTON. The Agriculture and Forestry Committee voted, 10-4, to report (but did not actually report) with amendments H. R. 12322, the cotton research and promotion bill. p. D511

5. TOBACCO. The Agriculture and Forestry Committee voted to report (but did not actually report) H. R. 15124, relating to the filing time of tobacco acreage allotment leases. p. D511

6. FARM CREDIT. The Judiciary Committee reported without amendment S. J. Res. 150, to provide for designation of April 1967 as "Federal Land Bank Month" (S. Rept. 1227). p. 12107

7. ADMINISTRATIVE LAW. The Judiciary Committee reported with amendments S. 1336, to amend the Administrative Procedure Act so as to strengthen and clarify certain administrative procedures of Federal agencies (S. Rept. 1234). p. 12107

   The Judiciary Committee reported with amendments S. 1522, to remove arbitrary limitations upon attorneys' fees for services rendered in proceedings before administrative agencies of the U. S. (S. Rept. 1233). p. 12107

8. SCHOOL MILK. Sen. Proxmire inserted Sen. Hartke's statement in favor of "adequate funding" of the school milk program. p. 12131

9. TOBACCO. Sen. Neuberger inserted an article, "One Million Teenagers Dying From Lung Cancer?" pp. 12133-4

10. DAIRY-SUGAR IMPORTS. Sen. Mondale urged administrative action to limit importation of certain products containing butterfat and sugar. p. 12136

11. FARM PRICES. Sen. Mondale inserted and commended a Washington Post editorial defending the level of farm prices. pp. 12139-40

12. RESEARCH. Sen. Scott inserted a statement by Vice Adm. Rickover on the research accomplishments of George Washington Carver. pp. 12140-1

13. ELECTRIFICATION. Sen. Yarborough commended the Tex. REA cooperatives' project of sending youth on a tour to Washington. pp. 12142-3

14. CONSERVATION. Sen. Bartlett inserted a statement by DeWitt Gilbert on responsibility for conserving natural resources. pp. 12147-8

15. COPPER IMPORTS. Passed without amendment H. R. 12676, to suspend the duty on certain copper imports until June 30, 1968. This bill will now be sent to the President. pp. 12153-4

16. TRANSPORTATION. Sen. Young, Ohio, spoke against any increase in tolls for shipping on the St. Lawrence Seaway. p. 12161

promulgation of regulations due regard shall be given to the probable effect thereof upon the cost to the consumer; and

Rejected: A series of 10 Dirksen amendments, 4 of which would have deleted certain language in section 4 on requirements and prohibitions, 5 of which would have deleted certain language in section 5 providing additional regulations, and 1 of which would have inserted a new section on repackaging of imported articles; by 19 yeas to 64 nays, Dirksen motion to refer the bill to the Committee on the Judiciary; and by 7 yeas to 69 nays, Cotton amendment changing definition in the bill of "consumer commodity." Pages 12161–12214

Criminal Law: Senate concurred in House amendments to S. 1357, proposed Bail Reform Act of 1966. This action cleared bill for President's signature. Pages 12235–12238

Legislative Program: Majority leader announced that on Monday, June 13, Senate will take up various reported bills on the calendar, including some private bills reported today. Page 12238

Senate Schedule: Order was entered granting authority while Senate is in adjournment until noon Monday, June 13, for (1) Secretary of Senate to receive messages from President and from the House, (2) Vice President and President pro tempore to sign enrolled bills, and (3) all committees to file reports. Page 12245

Calendar Call: On call of calendar 14 bills were passed, as follows:

Without amendment and cleared for President:

Public lands: H.R. 5984, relating to selection of public lands by the States to supply deficiencies of school lands to allow selection of mineral lands under certain conditions;

Veterans: H.R. 11748, authorizing prepayment of certain travel expenses of veterans to or from a VA facility in connection with vocational rehabilitation or medical care;

Veterans: H.R. 3177, to increase dependency and indemnity compensation for veterans' widows in certain cases;

Veterans: H.R. 9961, to authorize the VA Administrator to pay pensions to the wife and children of veterans who have disappeared;

Stockpile: H.R. 13768, authorizing disposal of celestite from the national stockpile;

Stockpile: H.R. 13773, authorizing disposal of opium from the national stockpile;

Stockpile: H.R. 13769, to authorize the disposal of cordage fiber (sisal) from the national stockpile;

Stockpile: H.R. 13770, authorizing disposal of crocidolite asbestos (harsh) from the national stockpile; and

Stockpile: H.R. 13366, authorizing disposal of aluminum from the national stockpile.

With amendment, to be returned to House:

Candy additives: H.R. 7042, relating to the use of additives in manufacturing candy.

Without amendment and cleared for House:

Banking: S. 3368, to extend for 2 years the authority of Federal Reserve banks to purchase U.S. obligations directly from the Treasury; and

Private bill: One private bill, S. 2104.

With amendment and cleared for House:

Water resources: S. 3107, establishing a National Water Commission to review national water resource problems; and

Veterans: S. 1199, to make automobiles available to certain disabled veterans not previously entitled to such benefits. Pages 12245–12251

Confirmations: Senate confirmed the following nominations: Glenn W. Sutton, of Georgia, to be a member of the Tariff Commission; William M. McCandless, of Oklahoma, to be Federal Cochairman of the Ozarks Regional Commission; 9 judicial; 15 Navy; and 7 in the Marine Corps. Pages 12251–12252

Record Votes: Five record votes were taken today. Pages 12160, 12165, 12167, 12208, 12214

Program for Monday: Senate met at 11 a.m. and adjourned at 5 p.m. until noon Monday, June 13, when Senate will consider various reported bills on calendar, including numerous private bills reported by Committee on the Judiciary today. Pages 12238, 12251

Committee Meetings

(Committees not listed did not meet)

COTTON PROMOTION, ~~AND TOBACCO ALLOTMENTS~~

Committee on Agriculture and Forestry: Committee, in executive session, by a vote of 10 to 4, ordered favorably reported with amendments H.R. 12322, authorizing establishment of a program to promote the U.S. cotton industry. Also, committee approved without amendment H.R. 15124, relating to the filing time of tobacco acreage allotment leases.

APPROPRIATIONS—RECLAMATION

Committee on Appropriations: Subcommittee continued its hearings on fiscal 1967 budget estimates for the Bureau of Reclamation, receiving testimony from Floyd E. Dominy, Commissioner, who was accompanied by other officials of the Bureau of Reclamation, Department of the Interior.

Hearings continue tomorrow.

COMMITTEE BUSINESS

Committee on Armed Services: Committee, in executive session, ordered favorably reported H.R. 12270, authorizing the loan of military equipment to the Boy

Scouts for their 12th World Jamboree (amended so as to delete provisions to transport such equipment); H.R. 13366, authorizing disposal of aluminum from the national stockpile; H.R. 13768, authorizing disposal of celestite from the national stockpile; H.R. 13769, authorizing disposal of cordage fiber (sisal) from the national stockpile; H.R. 13770, authorizing disposal of crocidolite asbestos (harsh) from the national stockpile; and H.R. 13773, authorizing disposal of opium from the national stockpile. Committee also approved 701 nominations in the Army, Navy, Marine Corps, and Air Force.

Prior to this action, subcommittee held hearings on H.R. 12617, increasing to $25 million annual authorization for economic and social development in the Ryukyu Islands, receiving testimony from Thaddeus Holt, Jr., Deputy Under Secretary of the Army for International Affairs; Richard L. Sneider, Country Director, Japan, State Department; Lt. Gen. Albert Watson II, High Commissioner, Ryukyu Islands; and Edward W. O'Flaherty, Office of the Deputy Chief of Staff, Army.

OCEAN CRUISE SHIPS

Committee on Commerce: Merchant Marine and Fisheries Subcommittee continued its hearings on several pending bills requiring evidence of financial security and stricter regulation of ocean cruises (S. 1351, 2417, 3250, 3251, and H.R. 10327). Witnesses heard were Harry M. Mack, Ohio Valley Improvement Association; S. Eldridge Sampliner, who spoke on behalf of the SS *South American;* Hoyt Haddock, AFL-CIO Maritime Committee; and Abraham Freedman, AFL-CIO Maritime Committee, and the National Maritime Union of America.

Hearings were adjourned subject to call.

FOREIGN AID AUTHORIZATIONS

Committee on Foreign Relations: Committee, in executive session, ordered favorably reported with amendments S. 2859, authorizing funds for the foreign aid program for fiscal year 1967. As approved by the committee, the bill would authorize a total of $2,351,762,000, a reduction of $117,170,000 from the amount requested by the administration. Also, the bill would limit development loans to 10 countries and technical assistance to 40 countries, except that additional countries may be aided with the approval of the committee and the House Committee on Foreign Affairs. The bill would also limit support assistance to 10 countries, except that other countries may receive such aid with the approval of the 2 aforementioned committees.

Committee also considered S. 2861, proposed Military Assistance and Sales Act, but did not conclude action thereon, and will meet for its further consideration tomorrow.

UTAH LANDS

Committee on Interior and Insular Affairs: Committee held an executive meeting to consider S. 3484, to amend P.L. 89-441 so as to provide for renegotiation of leases on relicted lands of the Great Salt Lake in the event that the title to which lands may revert to the U.S., but made no announcements.

COMMITTEE BUSINESS

Committee on the Judiciary: Committee, in executive session, ordered favorably reported the nominations of Cecil F. Poole, to be U.S. attorney for the northern district of California; Joseph F. Novak, to be U.S. marshal for the district of Delaware; Alvin Grossman, to be U.S. marshal for the western district of New York; Edward L. Shaheen, to be U.S. attorney for the western district of Louisiana; Almeric L. Christian, to be U.S. attorney for the Virgin Islands; Antonio C. Baza, to be U.S. marshal for the district of Guam; Gerald E. Murch, of Maine, to be a member of the Board of Parole; Roland S. Mosher, to be U.S. marshal for the district of Arizona; Collins J. Seitz, of Delaware, to be U.S. circuit judge for the third circuit; and John J. Hickey, of Wyoming, to be U.S. circuit judge for the 10th circuit; S. 3249, granting congressional consent to compact defining boundary between Arizona and California; H.R. 13935, granting consent of the Congress to the entry of Massachusetts into a bus taxation proration agreement; S. 1336, to strengthen and clarify administrative procedures used by Federal agencies; S. 1522, removing arbitrary limitations on attorneys' fees for services rendered in proceedings before administrative agencies of the U.S.; H. Con. Res. 597, relating to the Centennial Year of Prospect Park of the City of New York; H.J. Res. 1001, to designate the month of May in each year as "Steelmark Month"; S.J. Res. 150, designating April of 1967 as "Federal Land Bank Month"; S.J. Res. 160, designating the period of June 13-19, 1966, as "Gas Industry Week"; S.J. Res. 161, designating the third Sunday in June as Father's Day; 30 private immigration bills (S. 777, 2491, 2529, 2640, 2647, 2663, 2702, 2751, 2761, 2771, 2796, 2800, 2801, 2838, 2853, 2854, 2865, 2869, 2884, 2945, 2946, 2957, H.R. 1233, 2290, 3774, 5003, 5533, 8219, 8833, and 9643); and 5 private claims bills (H.R. 2270, 3692, 10133, 10838, and 12396).

Committee also approved annual reports of its Subcommittees on Constitutional Amendments, Constitutional Rights, Patents, Trademarks and Copyrights, and Antitrust and Monopoly.

Committee indefinitely postponed further action on 55 private immigration bills (S. 155, 158, 298, 334, 404, 482, 581, 675, 886, 888, 1128, 1431, 1469, 1475, 1574, 1593, 1603, 1645, 1665, 1700, 1723, 1753, 1780, 1782, 1859, 1897, 1902, 2014, 2056, 2123, 2181, 2209, 2211, 2221, 2270, 2383, 2399, 2400, 2427, 2461, 2489, 2527, 2531, 2564, 2585, 2593,

Calendar No. 1238

89TH CONGRESS
2d Session

SENATE

REPORT
No. 1272

COTTON RESEARCH AND PROMOTION

JUNE 13, 1966.—Ordered to be printed
Filed under authority of the order of the Senate of June 13, 1966

Mr. TALMADGE, from the Committee on Agriculture and Forestry, submitted the following

REPORT

[To accompany H.R. 12322]

The Committee on Agriculture and Forestry, to which was referred the bill (H.R. 12322) to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

SHORT EXPLANATION

This bill provides for the collection from upland cotton producers of $1 per bale for upland cotton research and promotion. Collection would be made by handlers designated by a Cotton Board in accordance with an order issued by the Secretary of Agriculture after notice, hearing, and a producer referendum. Approval by two-thirds of the producers voting in the referendum, or approval by a majority of such producers if such majority produced two-thirds of the cotton represented in the referendum, would be required before the order could be made effective. The amount collected from any producer who did not wish to contribute would be refunded upon the producer's application made in a prescribed time and manner.

THE MECHANICS OF THE BILL

Issuance of order.—The mechanics are as follows: If the Secretary had reason to believe that an order would tend to effectuate the act (i.e., provide an orderly procedure for the development, financing, and

carrying out of a cotton research and promotion program), he would provide notice and opportunity for hearing on a proposed order. If after hearing he found that the order would effectuate the act, he would issue the order, to be effective only if approved by two-thirds of the producers voting in a referendum (or by a majority thereof, if such majority produced two-thirds of the cotton). An order, or any provision of it, would be terminated or suspended if the Secretary found it did not effectuate the act. An order could also be terminated if such action was favored by more than 50 percent in number and volume of the producers voting in a referendum conducted by the Secretary on his own motion or at the request of 10 percent of the number of producers who voted in the referendum approving the order.

Provisions of order.—An order could contain provisions for (1) a cotton advertising and sales promotion program, (2) cotton research and development projects, (3) reports and inspection of handlers' books and records, and (4) incidental and necessary terms.

Cotton Board.—An order would be required to provide for selection of a Cotton Board to administer it, make rules, investigate and report violations, and recommend amendments to it. The Cotton Board would be composed of representatives of cotton producers selected by the Secretary from nominations submitted by producer organizations within the respective "cotton producing" States, or (if a substantial number of producers are not represented by such organizations) from nominations submitted by producers in the manner authorized by the Secretary, so that each "cotton producing" State will have at least one representative and representation will be proportionate to State cotton marketings. Subject to approval by the Secretary, the Board would develop the research and promotion programs authorized by the order and budgets therefor, and enter into contracts for developing and carrying out such programs with an organization whose governing body consists of cotton producers selected by cotton producer organizations of "cotton producing" States so that each State is represented in proportion to cotton marketings (subject to adjustment to reflect refunds of amounts collected from producers). The Cotton Board would designate handlers who would be required to collect assessments from cotton producers, and each producer would be required to pay an assessment of $1 per bale handled.

Refunds.—A producer who did not want to contribute to the program could obtain a refund of each assessment by making a personal demand in accordance with regulations on a form and within the time (not less than 90 days) prescribed by the Board and approved by the Secretary.

Enforcement.—Provision is made for administrative and judicial review of the legality of order provisions; enforcement by civil suit, injunction, and civil penalties against handlers; regulations; and investigations (including subpena power and power to grant immunity).

State producer organizations.—The eligibility of a State producer organization of a "cotton producing" State to make nominations for the Cotton Board and to select members of the governing board of the organization to contract with the Cotton Board would be determined by the Secretary primarily upon whether its cotton farmer membership consists of a sufficiently large number of the cotton producers who

produce a relatively significant volume of cotton to reasonably warrant its participation in the nomination of members for the Cotton Board. Other criteria for such determination are not specified, although section 14 specifies a number of items of information to be supplied by the organization as part of the basis for such determination. A "cotton producing" State means a State with an average annual cotton production of at least 20,000 bales during 1960–64. States with lower production are to be combined by the Secretary in units with combined production of 20,000 or more bales.

HEARINGS

Hearings on the bill were held by a subcommittee of the committee on April 25 and 26 and have been printed. The bill was generally favored by the National Cotton Council, the Department of Agriculture, and other witnesses. It was opposed by the American Farm Bureau Federation. The hearings showed that cotton producers have been interested in a producer supported program for research and development for some years. Following a special meeting in 1960 of the producer delegates of the National Cotton Council, the Cotton Producers Institute was formed and undertook a program of the type provided for by the bill. While producers and handlers generally have supported that program, it was found that wherever a few handlers remained out of the program, the program tended to break down. Producers are deterred from contributing and handlers are deterred from collecting the assessment from their customers, where the assessment is not made uniformly. The bill, by requiring all handlers to handle the collection of assessments, would provide the needed uniformity of collection and enable the producers to finance and carry out a successful research and promotion program. Individual producers could still obtain refunds, but with a uniform method of collection it is anticipated that most producers would support the program.

COMMITTEE AMENDMENTS

The committee recommended two amendments.

The first would provide for a flat assessment of $1 per bale, not subject to change in subsequent orders.

The second would require that, to be effective, an order must be approved by at least a majority of the producers, even where it is approved by the producers of two-thirds of the volume of cotton produced. Approval by two-thirds of the producers would continue to be required where the order is approved by the producers of less than two-thirds of the cotton.

NEED FOR LEGISLATION

During the course of the hearings, testimony of witness after witness established the fact that there was definite need for legislation which would permit producers, on a equitable basis, to devise a program through which the increased consumption of cotton would be encouraged.

Cotton has been confronted with strong competition from manmade fibers in domestic outlets for the past two to three decades, but within the last 5 to 10 years the competition has become increasingly stronger.

Some progress was made toward meeting this competition with the passage by the Congress of the 1964 and 1965 cotton laws. These laws reduced the price of cotton to domestic mills to world price levels, where previously domestic mills had been paying from 6.5 to 8.5 cents above world market prices.

This change permitted cotton to become competitive pricewise with rayon and acetates. However, because of the substantial promotional efforts of manufacturers of noncellulosic manmade fibers, cotton's position as a basic textile fiber remains threatened.

This becomes quite evident when the record is reviewed. For the three decades 1930–60, the cotton share of the total U.S. fiber market dropped from about 85 percent to 65 percent. Since 1960 cotton's share has declined at a much greater rate, dropping to about 53 percent in 1965.

In 1930 rayon and acetate held only 3.9 percent of the market, while the noncellulosic manmade fibers were nonexistent. In 1960, when cotton's share had dropped to about 65 percent of the market, rayon and acetate had increased to about 16.3 percent and the noncellulosic fibers, which had appeared on the market only 20 years before, held 11.7 percent of total fibers used by mills.

Before the 1964 Cotton Act came into being, cotton's share had dropped to 55.7 percent while rayon's share of the market had increased to 19.9 percent, and the noncellulosic manmade fibers increased to 17.3 percent.

After the 1964 Cotton Act became operable, the use of cotton by domestic mills increased substantially, although the use of cotton as a percentage of total fibers used continued to decline.

The use of rayon, which had been increasing at a rate of over 90 million pounds annually, also increased, but the increase was limited to about one-third of the previous rate of increase. Its share of the market, which had been increasing regularly during the previous 5 years, showed a decrease. On the other hand, the use of noncellulosic manmade fibers increased by over 400 million pounds, an increase greater than had ever before been achieved. It share of the market also increased substantially.

The annual consumption of all fibers in the United States has increased from about 6.5 billion pounds in 1960 to 8.5 billion in 1965, an increase of about 30.8 percent. In contrast the total consumption of cotton has increased by only 6.8 percent. Rayon has increased by 46.9 percent and the noncellulosic manmade fibers 156.8 percent. At this point it is interesting to note that between 1963, before the passage of the 1964 act, and 1965 the use of cotton increased by 10.8 percent (to reverse a declining trend), and the increased use of rayon was limited to 7.7 percent. On the other hand, the use of noncellulosic fibers increased by 55.5 percent. Mill consumption of the several fibers is shown in the following table:

consumption of fibers: Total and per capita, 193–65

Year beginning Jan. 1	Population July 1 [1]	Cotton [2]			Wool [3]			Rayon and acetate [4]			Noncellulosic manmade fibers [5]			Manmade fiber waste [6]			Flax [7] and silk [8]			All fibers	
		Total	Percentage of fibers	Per capita	Total	Percentage of fibers	Per capita	Total	Percentage of fibers	Per capita	Total	Percentage of fibers	Per capita	Total	Percentage of fibers	Per capita	Total	Percentage of fibers	Per capita	Total [9]	Per cap. ita [10]
	Mil.	*Mil. lb.*	*Pct.*	*Lb.*	*Mil. lb.*	*Pct.*	*Lb.*	*Mil. lb.*	*Pct.*	*Lb.*	*Mil. lb.*	*Pct.*	*Lb.*	*Mil. lb.*	*Pct.*	*Lb.*	*Mil. lb.*	*Pct.*	*Lb.*	*Mil. lb.*	*Lb.*
1930	123.1	2,616.6	84.5	21.3	263.2	8.5	2.1	119.3	3.9	1.0							96.2	3.1	0.8	3,095.3	25.1
1940	132.1	3,959.1	80.4	30.0	407.9	8.3	3.1	482.1	9.8	3.6	4.3	0.1	(11)	12.3	0.2	0.1	59.7	1.2	.5	4,925.3	37.3
1941	133.4	5,192.1	80.0	38.9	648.0	10.0	4.9	591.9	9.1	4.4	11.6	.2	0.1	14.0	.2	.1	35.3	.5	.3	6,492.8	48.7
1942	134.9	5,633.1	81.4	41.8	603.6	8.7	4.5	620.8	9.0	4.6	23.1	.3	.2	15.0	.2	.1	23.2	.4	.2	6,918.8	51.3
1943	136.7	5,270.6	79.5	38.6	636.2	9.6	4.7	656.1	9.9	4.8	35.3	.5	.3	21.4	.3	.2	13.6	.2	.1	6,633.2	48.5
1944	138.4	4,790.4	77.3	34.6	622.8	10.0	4.5	704.8	11.4	5.1	45.8	.7	.3	21.9	.4	.2	9.5	.2	.1	6,195.2	44.8
1945	139.9	4,515.8	75.1	32.3	645.1	10.7	4.6	769.9	12.8	5.5	49.8	.8	.4	25.4	.4	.2	8.4	.2	.1	6,014.4	43.0
1946	141.4	4,809.1	73.7	34.0	737.5	11.3	5.2	875.5	13.4	6.2	53.2	.8	.4	25.6	.4	.2	26.1	.4	.2	6,527.0	46.2
1947	144.1	4,665.6	72.5	32.4	698.2	10.8	4.9	987.9	15.4	6.9	51.4	.8	.4	18.6	.3	.1	12.0	.2	.1	6,433.7	44.6
1948	146.6	4,463.5	69.7	30.4	693.1	10.8	4.7	1,149.4	17.9	7.8	71.7	1.1	.5	18.6	.3	.1	12.9	.2	.1	6,409.2	43.7
1949	149.2	3,839.1	70.4	25.7	500.4	9.2	3.4	993.5	18.2	6.7	92.8	1.7	.6	15.6	.3	.1	10.1	.2	.1	5,451.5	36.5
1950	151.7	4,682.7	68.3	30.9	634.8	9.3	4.2	1,350.0	19.7	8.9	140.5	2.0	.9	28.0	.4	.2	21.4	.3	.1	6,857.5	45.2
1951	154.3	4,868.6	71.1	31.6	484.2	7.1	3.1	1,274.6	18.6	8.3	195.5	2.8	1.3	8.4	.1	.1	18.3	.3	.1	6,849.6	44.4
1952	157.0	4,470.9	69.4	28.5	466.4	7.2	3.0	1,214.7	18.8	7.7	249.0	3.9	1.6	26.4	.4	.2	19.3	.3	.1	6,446.6	41.1
1953	159.6	4,456.1	68.7	27.9	494.0	7.6	3.1	1,222.5	18.9	7.7	279.3	4.3	1.8	21.8	.3	.1	15.4	.2	.1	6,489.1	40.7
1954	162.4	4,127.3	68.4	25.4	384.1	6.4	2.4	1,154.7	19.1	7.1	328.6	5.4	2.0	25.0	.4	.2	15.5	.3	.1	6,035.2	37.2
1955	165.3	4,382.4	65.2	26.5	413.8	6.2	2.5	1,419.2	21.1	8.6	432.2	6.4	2.6	51.1	.8	.3	19.0	.3	.1	6,717.7	40.6
1956	168.2	4,362.6	66.6	25.9	440.8	6.7	2.6	1,200.9	18.3	7.1	484.0	7.4	2.9	42.4	.7	.3	20.6	.3	.1	6,551.2	38.9
1957	171.3	4,060.4	65.1	23.7	368.8	5.9	2.2	1,177.1	18.9	6.9	567.5	9.1	3.3	48.0	.8	.3	15.5	.2	.1	6,237.3	36.4
1958	174.1	3,866.9	64.8	22.2	331.1	5.5	1.9	1,127.3	18.9	6.5	575.3	9.6	3.3	61.7	1.0	.4	9.4	.2	.1	5,971.6	34.3
1959	177.1	4,334.5	63.3	24.5	435.3	6.4	2.5	1,252.5	18.3	7.1	741.4	10.8	4.2	70.9	1.0	.4	11.8	.2	.1	6,846.4	38.7
1960	180.7	4,190.9	64.6	23.2	411.0	6.3	2.3	1,055.4	16.3	5.8	761.7	11.7	4.2	60.8	.9	.3	11.6	.2	.1	6,491.5	35.9
1961	183.8	4,081.5	62.1	22.2	412.1	6.3	2.2	1,128.0	17.2	6.1	861.7	13.1	4.7	71.3	1.1	.4	12.7	.2	.1	6,567.3	35.7
1962	186.7	4,188.0	59.4	22.4	429.1	6.1	2.3	1,263.6	17.9	6.8	1,076.2	15.3	5.8	79.5	1.1	.4	12.4	.2	.1	7,048.8	37.8
1963	189.4	4,040.2	55.7	21.3	411.7	5.7	2.2	1,440.3	19.9	7.6	1,257.7	17.3	6.6	90.1	1.2	.5	13.1	.2	.1	7,253.1	38.3
1964 [12]	192.1	4,244.4	54.5	22.1	356.7	4.6	1.9	1,516.5	19.5	7.9	1,554.8	19.9	8.1	103.2	1.3	.5	14.2	.2	.1	7,789.8	40.6
1965 [12]	194.6	4,476.3	52.7	23.0	386.9	4.5	2.0	1,550.7	18.2	8.0	1,955.8	23.0	10.1	118.0	1.4	.6	13.3	.2	.1	8,501.0	43.7

[1] Bureau of the Census. Population continental United States as of July 1, including Armed Forces overseas.

[2] Mill consumption as reported by the Bureau of the Census. For American cotton, tare as reported by the Crop Reporting Board has been deducted; for foreign cotton, 3 percent (15 pounds) was deducted (20 pounds beginning Aug. 1, 1958). Since 1950, data have been adjusted to year ended Dec. 31.

[3] Includes apparel and carpet wool on a scoured basis. Data from wool consumption reports of the Bureau of the Census.

[4] Textile Organon, publication of the Textile Economics Bureau, Inc. Includes filament and staple fibers. Data are U.S. producers' domestic shipments, plus imports for consumption.

[5] Textile Organon: Nylon, orlon, glass fiber, etc. U.S. production less exports plus imports for consumption.

[6] Producers' manmade fiber waste consumed by mills (excludes glass).

[7] Flax: Imports and estimated production. Bureau of the Census and Plant Industry through 1948. 1949–52 production was estimated by the Agricultural Marketing Service, Portland, Oreg., office. Imports only since the 1953 season.

[8] Silk: Bureau of the Census. Net imports through 1933. Since 1934, imports for consumption.

[9] Totals made from unrounded data.

[10] Total consumption divided by population and not a summation of per capita consumption of fibers.

[11] Less than 0.05 pound.

[12] Preliminary.

Source: USDA, Cotton Situation, April 1966.

Comparison of production data also illustrates the growing competition confront U.S. cotton. From 1955 to 1965 the production of manmade fibers doubled from an equivalent of about 5 million to 10 million bales of cotton, with the noncellulosic fibers accounting for most of the increase. Production of these fibers increased from less than 1.7 million bales to 6 million bales (cotton equivalent). It is reported that plant expansion now underway will increase the production capacity of the noncellulosics by another 2 million bales within the next 12 months and industry reports indicate that the production of these fibers will probably double again within the next 5 years. This is in spite of the fact that many of the noncellulosic manmade fibers, which are rapidly claiming usage previously held by cotton, sell at a price of from two to three times the price of cotton.

The Department of Agriculture reported that the U.S. production of noncellulosic manmade fibers is highly concentrated in a few firms, the eight largest accounting for about 90 percent of the total output of the major types of noncellulosic fibers. This concentration facilitates the financing of research for specific fibers and the promotion of their use, and hence contributes to the substantial gains noncellulosic fibers have made in usage previously held by cotton. The Department also reported that the U.S. producers of noncellulosic fibers will spend about $135 million in 1965 on research and development. They report also that another $70 million will be spent for sales promotion. Thus, the manufacturers of noncellulosic fibers will spend over $200 million for developing and promoting their product. By comparison, this expenditure is about seven times greater than the combined public and private outlays for development and promotion of cotton in 1965.

The latest information available shows that there are over 600,000 cotton farms in the United States. Cotton is a major income-producing crop in 14 States, and important in 5 others. The production of cotton generates a high level of economic activity in rural communities throughout the Cotton Belt. Cotton producers faced with the declining importance of their commodity want to do something about it. As a result, they have asked Congress to permit them to band together and contribute to the financing of research and the development of markets for their product.

It was clearly shown during the course of the hearings that a similar program instituted several years ago was unworkable and ineffective, because of a lack of participation, not altogether by farmers, but by agencies necessary in the collection procedures under which the program operated.

Testimony developed during the course of the hearings showed widespread support for the program being advocated by this report.

SECTION-BY-SECTION ANALYSIS OF H.R. 12322

The first section of the bill specifies its short title as the "Cotton Research and Promotion Act."

Section 2 contains legislative findings and declarations of policy. Findings are made that all cotton produced in the United States is subject to the Federal commerce powers; that new or improved markets and uses are vital to cotton producers and others in the cotton industry as well as to the general economy of the Nation; that U.S.-

grown cotton is confronted with intensive competition from foreign grown cotton and from manmade fibers arising largely from extensive promotional efforts for such fibers; and that a national program for cotton research and promotion is necessary to further protect and expand commerce in cotton.

A finding also is made that the Congress heretofore has exercised its regulatory powers so as to adjust the supply of cotton to demand and that is is necessary to supplement that regulation with a means of increasing the demand for cotton so as to reduce or eliminate the need for restricting marketings and for supporting the price of cotton.

Section 2 then declares it to be the policy of Congress, in the public interest, through the exercise of the powers conferred by the bill, to provide for an effective program of research and promotion designed to improve cotton's competitive position and improve markets and uses for U.S. cotton and to finance such program through assessments on all cotton harvested in the United States.

Sections 3, 4, and 5 of the bill provide for the issuance of orders applicable to handlers of cotton after notice and hearing and a finding by the Secretary, based on evidence introduced at such hearing, that the issuance of such order and all of its terms and conditions will tend to effectuate the declared policy of the act.

The substantive terms and provisions of such orders are provided for in sections 6 and 7 of the bill.

Section 6 covers permissive terms in orders and provides that they shall contain one or more of four specified terms and conditions and, except as provided in section 7, no others. Section 6(a) authorizes appropriate plans or projects for the advertising and sales promotion of cotton and its products and disbursing necessary funds for such purposes. Any such plan or project must be directed toward increasing the general demand for cotton or its products and may not refer to private brands or trade names if the Secretary determines that such reference will discriminate unduly against the cotton products of other persons. Further, such programs shall not use false or unwarranted claims in behalf of cotton or false or unwarranted statements concerning any competing product.

Section 6(b) authorizes provisions in orders for research and development projects with respect to the production, ginning, processing, distribution, or utilization of cotton and its products and for the disbursement of necessary funds for such purposes.

Section 6(c) authorizes order provisions for the maintenance by handlers of books and records and for making them available to the Cotton Board and to the Secretary in connection with the administration and enforcement of the program. Such information is to be confidential except as otherwise provided in section 6(c).

Section 6(d) provides general authority to include in orders, terms and conditions which are incidental to and not inconsistent with the terms and conditions expressly specified in the act and necessary to effectuate other provisions of such order.

Section 7 of the bill specifies terms that will be required to be included in orders. Such required terms are as follows:

Section 7(a) requires that an order provide for a Cotton Board to be established and selected by the Secretary which shall have only the powers (1) to administer such order in accordance with its terms and provisions; (2) to make rules and regulations to effectuate the terms

and provisions of such order, including the designation of the handler responsible for collecting assessments; (3) to receive, investigate, and report to the Secretary complaints of violations of such order; and (4) to recommend to the Secretary amendments to such order.

Section 7(b) directs that such Cotton Board be composed of representatives of cotton producers, to be selected by the Secretary from nominations submitted by producer organizations within cotton-producing States, as certified pursuant to section 14 of the bill, or if the Secretary determines that such producer organizations do not adequately represent producers in the State, from nominations made by producers as otherwise specified by the Secretary. The producer representation on the Cotton Board for each cotton-producing State shall, insofar as possible, reflect the proportion of that State's marketings of cotton to total marketings of cotton in the United States, with at least one member for each cotton-producing State. (See sec. 17(f) definition.)

Section 7(c) provides that the Cotton Board shall, subject to the provisions of section 7(g), develop and submit to the Secretary for approval any advertising sales promotion or research and development plans or projects, which plans or projects must be approved by the Secretary before becoming effective.

Section 7(d) provides that the Cotton Board shall, subject to the provisions of section 7(g), submit to the Secretary for his approval on a fiscal year basis budgets of anticipated expenses and disbursements of the Board in administering the order, including estimated costs of such projects.

Section 7(e) provides that the producer or other person for whom cotton is handled shall pay to the handler of cotton, designated by the Cotton Board, and such handler shall collect and shall pay to the Cotton Board, on the basis of bales of cotton handled, assessments as prescribed by the order for expenses and expenditures found by the Secretary to be reasonable and likely to be incurred by the Cotton Board under the order. It also provides that the Cotton Board can designate different handlers or classes thereof to recognize differences in marketing practices and procedures in any State or area. It further provides that the rate of assessment under the order shall be $1 per bale of cotton handled. Provision also is made that the Secretary may maintain suits against any persons subject to the order for the collection of such assessments, and jurisdiction is vested in the district courts of the United States to entertain such suits.

Section 7(f) provides for accounting by the Cotton Board for all funds entrusted to it and for the maintenance of appropriate books and records and the submission of reports by it to the Secretary.

Section 7(g) provides that the order shall require the Cotton Board, with the approval of the Secretary, to enter into contracts or agreements to develop and carry out activities authorized under sections 6(a) and 6(b), and for the payment of the costs thereof with funds collected pursuant to the order. Such contracts or agreements must be made with an organization or association governed by cotton producers selected by the cotton-producer organizaions to be certified under section 14 of the bill, with mandatory provision for appropriate representation by cotton-producing States, depending upon volumes of cotton marketed, subject to adjustments to reflect lack of participation in the program because of refunds under section 11 of the bill.

Section 7(g) further specifies that any such contract or agreement must provide that the contracting organization or association is to develop and submit, each year, to the Cotton Board for its review and recommendation to the Secretary, a program of research, advertising, and promotion projects together with an estimated budget for such projects, and that such projects shall be effective upon approval by the Secretary. Any such contract or agreement must also provide that the contracting organization maintain adequate records and make annual reports to the Cotton Board concerning activities and accounting for funds received and expended and such other reports as the Secretary may require.

Under section 7(h) no funds collected by the Cotton Board may be used to influence Government policy or action, except only for the purpose of enabling the Board to make appropriate recommendations to the Secretary for amendment of the order.

Section 8 of the bill provides that no such order shall be effective unless the Secretary determines that its issuance is approved by at least two-thirds of the producers of cotton voting in a referendum, or by at least a majority of the producers voting in the referendum and by the producers of two-thirds of the cotton production represented in the referendum. Should a referendum be held during the current or any subsequent growing season and it be determined that such growing season would be most representative of producer participation in production, there should be no difficulty in making necessary determinations as to individual producer's volume. The county committee will have planted acreage information for each producer and projected yield figures for each county so that each producer's potential production for the crop year can be determined. This data in the hands of the county committees will also be useful where other than the current growing season is designated as the representative period in checking volume figures of producers voting in the referendum.

Section 9 provides for termination or suspension of an order or any provision thereof if the Secretary finds that the order or any such provision obstructs or does not tend to effectuate the declared policy of the act. It also provides for termination or suspension of the entire order upon a finding, after referendum, that a majority of cotton producers voting in a referendum, who produced more than 50 percent of the cotton of producers voting therein, favor termination or suspension of the order.

Section 10 provides that the requirements of the act applicable to orders shall be applicable to amendments to orders.

Section 11 provides that any cotton producer who has paid an assessment under an order may demand and receive from the Cotton Board a refund of such assessment, provided that demand therefor is personally made by the producer on a prescribed form and in accordance with regulations within a time prescribed by the Board and approved by the Secretary not less than 90 days from date of payment, and upon proof satisfactory to the Board that the assessment has been paid a refund will be made within 60 days.

Section 12(a) provides that any person subject to an order may file a written petition with the Secretary contesting any order, provision of an order, or any obligation imposed thereunder as not in accordance with law, and praying for modification or exemption therefrom.

After hearing in accordance with regulations, the Secretary is to rule on the petition and such ruling is to be final, if in accordance with law.

Section 12(b) provides for appeal from the Secretary's ruling to a U.S. district court, provided appeal is taken within 20 days from the date of the entry of such ruling. If the court finds that the Secretary's ruling is not in accordance with law, it shall remand to the Secretary with instructions, or direct further proceedings. The pendency of such review proceedings before the Secretary is not to interfere with enforcement under section 13(a) of the bill.

Section 13 deals with enforcement by civil actions. Paragraph (a) vests the district courts of the United States with jurisdiction to enjoin violations and to order specific performance of an order or regulation. Paragraph (b) provides for a civil penalty of not more than $1,000 against any handler for willful violation of the order or willful failure or refusal to collect or remit any assessment or fee due under an order.

Section 14 specifies the terms of eligibility to be met by cotton-producer organizations in each cotton-producing State for purposes of requesting issuance of an order and submission of nominations for membership on the Cotton Board. Each such organization would be required to submit to the Secretary a factual report specifying certain information. The Secretary would certify organizations which he finds on the basis of all information available meet the requirements of the section; such determination as to eligibility being final.

Section 15 authorizes the Secretary to make such regulations, with the force and effect of law, as may be necessary to carry out the act and the powers vested in him by the act.

Section 16 authorizes investigations by the Secretary to carry out his responsibilities under the act or to determine whether the act is being violated or about to be violated. In connection with such investigation, the Secretary would be empowered to administer oaths, subpena witnesses, and require the production of documentary evidence relevant to the inquiry. The section also provides for enforcement of subpenas by district courts and specifies that no person may refuse to testify on grounds of self-incrimination, but no individual may be prosecuted with respect to any matter concerning which he is compelled to testify or produce evidence, after claiming privilege of self-incrimination, except for perjury committed in so testifying.

Section 17 defines the terms "Secretary," "person," "cotton," "handler," "United States," "cotton-producing State," and "marketing."

The term "cotton-producing State" is defined so that any State in which the average annual production of cotton during the 5 years 1960–64 was 20,000 bales or more will constitute a cotton-producing State. States with average production of less than 20,000 bales are required to be combined with other States producing cotton in such manner that the combined average will total 20,000 bales or more. They might be combined with other States producing less than 20,000 bales or with other States producing more than 20,000 bales. The combination would be made in accordance with regulations prescribed by the Secretary in a reasonable manner. It is anticipated that such combination would ordinarily be made with the nearest State so as to permit cottongrowers located in the same general geographic area and having similar interests to participate in the selection of persons from such geographic areas for representation on the Cotton Board and

governing body of the cotton producer organization conducting the program.

For example, Florida could reasonably be combined with Alabama since the cotton-producing regions of those States are contiguous. Virginia could reasonably be combined with North Carolina, Illinois with Missouri, Kentucky with Tennessee, and Nevada with California, since the interests of producers in these areas are generally similar.

Section 18 is the usual separability clause providing that if any provision of the act or its particular application is held invalid, the validities of the remainder of the act and its application to other persons and circumstances shall not be affected thereby.

Section 19 authorizes appropriations necessary to administer the act, but expressly provides that such appropriated funds shall not be available to pay the expenses or expenditures of the Cotton Board in administering an order.

Section 20 provides for an effective date upon enactment of the bill.

DEPARTMENTAL APPROVAL

Following is the letter from the Acting Secretary of Agriculture recommending enactment of the bill with amendments, most of which have been adopted:

FEBRUARY 7, 1966.

HON. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR MR. CHAIRMAN: This is in reply to your request for a report on, and a section-by-section analysis of, H.R. 12322, a bill to enable cottongrowers to establish, finance and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

The Department supports the bill and recommends that it be passed. There are several provisions of the bill, however, which merit special attention by the committee. These will be discussed later in this report.

The need for this legislation is ably stated in the legislative findings set forth in section 2. This need is underscored by the high and rising costs of Government cotton programs, the recent rapid increase in carryover, and the continued decline in cotton's share of the fiber market. The expanded research and promotion programs provided by the bill, if carefully conceived and responsibly carried out with complete and close coordination with existing Federal and State programs, should make a desirable contribution toward increasing the markets for cotton.

The following are some of the facts concerning the problem to which the bill is addressed:

Realized losses incurred by Commodity Credit Corporation on upland cotton price support and related programs and expenditures under direct payment programs have totaled $3,006 million during the past 10 years—ranging from $62 million in 1956 to $601 million in 1965. In addition, losses on loan and owned inventories as of June 30, 1965, were estimated at $541 million. These losses and expenditures do not include administrative costs or costs incurred in operation of the Public Law 480 programs that have accounted for substantial

volumes of cotton exports. In spite of these expenditures, the carryover of cotton has mounted steadily since 1961, reaching a near record high of 14 million bales in 1965, and a projection of about 16 million bales in 1966.

Cotton has been confronted with strong competition from manmade fibers in domestic outlets for the past 2 to 3 decades, but within the last 5 to 10 years the competition has become increasingly stronger.

Annual consumption of all fibers in the United States has increased from 6.7 in 1955 to 8.4 billion pounds in 1965. In contrast, total consumption of cotton has held fairly steady at about 4.4 in 1955 to 4.5 billion pounds in 1965. Manmade fibers have accounted for the increased consumption of all fibers in recent years. In the mid-1950's, about 2 billion pounds of manmade fibers were consumed annually, compared to about 3.6 billion pounds in 1965.

For the three decades, from 1930 to 1960, the cotton share of the total U.S. fiber market dropped from about 85 percent to 65 percent. Since 1960, cotton's share has declined at a much greater rate, dropping to 53 percent in 1965. In contrast, the manmade fiber share of the U.S. fiber market increased from 3.9 percent in 1930 to 29 percent in 1960, to 41 percent in 1964, and to 42.5 percent in 1965.

Per capita consumption of cotton has declined from about 26.5 pounds in 1955 to 23 pounds in 1965; whereas, per capita consumption of manmade fibers increased from 11.5 pounds in 1955 to 18.3 pounds in 1965.

Comparisons of production data also illustrate the growing competition confronting U.S. cotton. From the mid-1950's to the mid-1960's, production of manmade fibers doubled from an equivalent of about 5 million to 10 million bales of cotton. Noncellulosic fibers have accounted for most of this increase, rising from less than 1.7 million bales in 1955 (cotton equivalent) to 6 million bales in 1964. Plant expansions now underway will increase capacity by another 2 million bales within the next 12 months, and industry reports indicate that noncellulosic production will probably double within the next 5 years.

Rayon production in cotton equivalents has remained fairly stable at about 4 million bales for the past several years, although the cost of cotton to mills has been greater than the cost of rayon. In contrast many of the noncellulosic manmades, which are rapidly claiming uses previously held by cotton, sell for two to three times more than cotton. Clearly, noncellulosics have been winning markets from cotton on the basis of some advantage other than price per pound.

In contrast to the hundreds of thousands of cotton producers, U.S. production of noncellulosic manmade fibers is highly concentrated in a few firms. The eight largest firms account for about 90 percent of total output of the major types of noncellulosic fibers. This concentration of production in a few firms facilitates the financing by noncellulosic producers of research for specific fibers and the promotion of their use, and hence contributes to the substantial gains noncellulosic fibers have made in uses previously held by cotton.

It has been estimated that all U.S. producers of noncellulosic fibers will spend about $135 million in 1965 on research and development. It is estimated also that another $70 million will be spent for sales promotion. Thus, manufacturers of noncellulosic fibers will spend over $200 million for developing and promoting their product. By comparison, this expenditure is about seven times greater than the

combined public and private outlays for development and promotion of cotton in 1965.

Attached is the requested section-by-section analysis of the bill; however, its important provisions may be summarized as follows:

H.R. 12322 provides enabling legislation for a program of advertising and trade promotion and research and development to promote the sale and use of domestic cotton, with direct costs to be financed by producer assessments. This is to be done through "cotton research and promotion orders," to be issued by the Secretary after notice and hearing and following approval by two-thirds of cotton producers participating in a referendum, by number or by volume of production.

The orders would contain one or more of four permissive provisions; i.e., (1) for advertising and sales promotion projects, (2) for research and development projects, (3) for handler reporting and record-keeping, and (4) for incidental terms and conditions needed to effectuate other provisions of the order. However, any such advertising and promotion projects would be limited to improving the general demand for cotton or its products. No reference to private brand may be made if the Secretary determines undue discrimination would result, and false or unwarranted claims or statements may not be used on behalf of cotton or cotton products or in derogation of competing products.

Each order would also contain certain required terms. The order must provide for a Cotton Board with authority to administer the order, issue implementing regulations, report violations, and recommend other amendments. Such Board must be composed of producer representatives from each cotton State, with proportionate representation reflecting relative importance of each State in cotton marketings. Representatives from each State are to be selected from nominations made by producer organizations to be certified by the Secretary for each State, but nominations may otherwise be made if the Secretary determines that certified organizations do not adequately represent producers of the State.

The Board also must develop and submit to the Secretary for approval, all plans and projects for advertising, promotion, research, or development, as well as budgets covering all anticipated costs and expenses. However, as written, this would be subject to a further requirement that such plans and budgets must originate with an exclusive contracting organization which would, in fact, develop and carry out all such plans and projects.

Under section 7(g), the Cotton Board, with the Secretary's approval, must enter into exclusive contracts with an organization or association controlled by producer representatives selected by State producer organizations certified by the Secretary under section 14 for the carrying out of all advertising, promotion, and research and development projects. Under such contract, such organization also must annually develop project programs and budgets and submit them to the Board for its review and recommendation to the Secretary, such projects to be effective upon approval by the Secretary.

The order also must provide that prescribed handlers of cotton shall collect assessments from producers and pay them over to the Board. Such assessments are to meet anticipated expenses of the Board, including program disbursements. The initial rate in an order is to

be $1 per bale and such rate is not to be changed except by an amendment of the order recommended by the Cotton Board, approved by the Secretary, and approved by producer referendum.

The order also must require records, reports, and accounting by the Cotton Board with respect to all funds it handles.

Despite the provision for mandatory assessments against producers, section 11 provides for refunds thereof by the Cotton Board to individual producers, who personally must make written request for such refund within 30 days after payment by them, upon prescribed forms and supported by statements in writing from the handlers to whom the assessment was paid. Producers requesting refund are to be ineligible to vote in subsequent referendums until all refunds are repaid or the Board, by regulation, waives repayment.

Section 14 specifies the procedure and criteria for the Secretary's certification of producer organizations in each State for purposes of nominations for membership on the Cotton Board and selection of the governing body of the exclusive contracting organization which is actually to develop and carry out the promotion and research projects and spend the money therefor.

The bill also provides for statutory review of the lawfulness of orders or obligations thereunder, civil and criminal enforcement, the issuance of regulations by the Secretary, and power to conduct investigations, issue subpenas, et cetera.

The Department favors the enactment of the bill, but wishes to suggest several desirable modifications that merit consideration by the committee. These are:

1. Section 7(e) appears to place the primary obligation to pay assessments on individual producers, with collection to be made by handlers for turnover to the Cotton Board. It also provides for suits by the Secretary to enforce collection of such assessments.

This section is susceptible to the construction that a handler's obligation to pay assessments is conditioned upon his ability to collect from producers. If this is so, then any enforcement action to collect assessments, where the handler has failed to collect from a producer, would have to be taken against the producer. This could result in numerous lawsuits against individual producers for the collection of relatively small amounts of money. Any such attempts to enforce collection from producers may be further complicated by the fact that the amounts so collected from producers would be subject to immediate refund under section 11.

It is our understanding that the intention of section 7(e) is to require handlers to pay assessments, irrespective of whether they collect such assessments from producers. If our understanding is correct, the committee may wish to clarify section 7(e) by placing unequivocally on handlers the primary obligation to pay assessments, as is done in marketing orders under the Agricultural Marketing Agreement Act of 1937, after which the bill is patterned. This could be coupled by a direction to handlers that they reimburse themselves by collections from producers or other persons for whom the cotton is handled.

This method of handling assessments has not proven to be too burdensome on handlers under our fruit and vegetable marketing orders. Those handlers have been able to reimburse themselves through contractual arrangements with producers. It is assumed that handlers of cotton will be able to adopt a similar approach.

Section 7(e) also provides that the initial assessment rate of $1 per bale shall not be changed except by an amendment to the order "recommended by the Cotton Board." Other amendments to the order can be proposed by any interested person, including the Secretary. Conceivably, important producer or other industry groups may wish to propose revisions of the assessment rate and the Secretary may find reason to believe that the proposed revisions may tend to effectuate the policy of the act. Yet a hearing in the proposals could be blocked by the failure or refusal of the Cotton Board to recommend the revisions.

While the rate of assessment is important, there may be included in an order other provisions of equal importance. We are unable to ascertain a justifiable reason why the procedure for amending the assessment provision should differ from that applicable to other amendments. We, therefore, suggest the desirability of amending the bill to remove this difference in treatment.

If the committee should desire to modify section 7(e), this could be done by substituting the following in the place of the first two sentences of section 7(e) (p. 9, lines 14–24, and p. 10, lines 1–4):

"(e) Providing, that each handler of cotton, as prescribed by the order, shall pay to the Cotton Board such handler's pro rata share, on the basis of bales of cotton handled, including cotton of his own production, of such expenses and expenditures, including provision for a reasonable reserve, as the Secretary finds are reasonable and likely to be incurred by the Cotton Board under the order, during any period specified by him; such rate of assessment shall be fixed by the Secretary in the order. The initial rate of assessment under an order shall be one dollar per bale of cotton handled, and such rate may not be changed except by amendment of the order duly approved by the Secretary on the basis of a hearing and subject to approval by cotton producers in a referendum pursuant to section 8. The order also shall provide that handlers who pay such assessments shall collect such amounts from the producer or other person from whom or on whose behalf the cotton was acquired or handled. * * *"

2. A technical amendment of section 12(a) also may be desirable. As the section is now written, a petition for review addressed to alleged unlawfulness of an order is limited to the entire order, but would not extend to review of a particular provision of an order. We suggest that the phrase "or any provision of such order" be inserted after "any such order" in the first sentence (p. 14, lines 18–19). As so modified, this section would conform more closely to section 8c(15)(A) of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 608c(15)(A)).

3. In section 14 dealing with certification of cotton-producer organizations by the Secretary it may be desirable to permit the Secretary to use information otherwise available to him outside the report in evaluating the qualifications of the applicant. Thus records of the Department may contain valuable data pertinent to such determination. It is therefore suggested that the words "in addition to other available information," be inserted immediately after the word "based" in the first sentence of section 14 (p. 16, line 14).

Enactment of this proposed legislation would require an initial estimated cost of $400,000 for referendum hearings and related items and a recurring annual cost of approximately $50,000 for Federal administration associated with the program.

The Bureau of the Budget has advised that time considerations have not permitted the determination as to the relationship of this bill to the administration's program.

Sincerely yours,

JOHN A. SCHNITTKER,
Acting Secretary.

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Calendar No. 1238

89TH CONGRESS
2D SESSION

H. R. 12322

[Report No. 1272]

IN THE SENATE OF THE UNITED STATES

MARCH 4, 1966

Read twice and referred to the Committee on Agriculture and Forestry

JUNE 13, 1966

Reported, under authority of the order of the Senate of June 13, 1966, by Mr. TALMADGE, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

To enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be known as the Cotton Research and Promotion Act.

LEGISLATIVE FINDINGS AND DECLARATION OF POLICY

SEC. 2. Cotton is the basic natural fiber of the Nation. It is produced by many individual cottongrowers throughout the various cotton-producing States of the Nation. Cotton moves in large part in the channels of interstate and foreign

commerce and such cotton which does not move in such channels directly burdens or affects interstate commerce in cotton and cotton products. All cotton produced in the United States is in the current of interstate or foreign commerce or directly burdens, obstructs, or affects interstate or foreign commerce in cotton and cotton products. The efficient production of cotton and the maintenance and expansion of existing markets and the development of new or improved markets and uses is vital to the welfare of cotton-growers and those concerned with marketing, using, and processing cotton as well as the general economy of the Nation. In the years since World War II, United States cotton and the products thereof have been confronted with intensive competition, both at home and abroad, from foreign-grown cotton and from other fibers, primarily man-made fibers. The great inroads on the market and uses for United States cotton which have been made by manmade fibers have been largely the result of extensive research and promotion which have not been effectively matched by cotton research and promotion. The production and marketing of cotton by numerous individual farmers have prevented the development and carrying out of adequate and coordinated programs of research and promotion necessary to the maintenance and improvement of the competitive position of, and markets for, cotton. Without an effective

and coordinated method for assuring cooperative and collective action in providing for, and financing such programs, individual cotton farmers are unable adequately to provide or obtain the research and promotion necessary to maintain and improve markets for cotton.

It has long been found to be in the public interest to have, or endeavor to have, a reasonable balance between the supply of and demand for cotton grown in this country. To serve this public interest the Congress has provided for the comprehensive exercise of regulatory authority in regulating the handling of such cotton supplemented by price-support programs with the objective of adjusting supply to demand in the interest of benefiting producers and all others concerned with the production and handling of cotton as well as the general economy of the country. In order for the objective of such programs to be effectuated to the fullest degree, it is necessary that the existing regulation of marketing be supplemented by providing as part of the overall governmental program for effectuating this objective, means of increasing the demand for cotton with the view of eventually reducing or eliminating the need for limiting marketings and supporting the price of cotton.

It is therefore declared to be the policy of the Congress and the purpose of this Act that it is essential in the public interest through the exercise of the powers provided herein,

to authorize and enable the establishment of an orderly procedure for the development, financing through adequate assessments on all cotton harvested in the United States, and carrying out an effective and continuous coordinated program of research and promotion designed to strengthen cotton's competitive position and to maintain and expand domestic and foreign markets and uses for United States cotton.

COTTON RESEARCH AND PROMOTION ORDERS

SEC. 3. To effectuate the declared policy of this Act, the Secretary shall, subject to the provisions of this Act, issue and from time to time amend, orders applicable to persons engaged in the harvesting, marketing, ginning, or other handling of cotton, hereinafter referred to as handlers. Such orders shall be applicable to all production or marketing areas, or both, in the United States.

NOTICE AND HEARING

SEC. 4. Whenever the Secretary has reason to believe that the issuance of an order will tend to effectuate the declared policy of this Act, he shall give due notice and opportunity for a hearing upon a proposed order. Such hearing may be requested and a proposal for an order submitted by any cotton producer organization certified pursuant to section 14 of this Act or by any other interested person or persons, including the Secretary.

FINDING AND ISSUANCE OF AN ORDER

SEC. 5. After notice and opportunity for hearing as provided in section 4, the Secretary shall issue an order if he finds, and sets forth in such order, upon the evidence introduced at such hearing, that the issuance of such order and all the terms and conditions thereof will tend to effectuate the declared policy of this Act.

PERMISSIVE TERMS IN ORDERS

SEC. 6. Orders issued pursuant to this Act shall contain one or more of the following terms and conditions, and except as provided in section 7, no others.

(a) Providing for the establishment, issuance, effectuation, and administration of appropriate plans or projects for the advertising and sales promotion of cotton and its products and for the disbursement of necessary funds for such purposes: *Provided, however,* That any such plan or project shall be directed toward increasing the general demand for cotton or its products but no reference to a private brand or trade name shall be made if the Secretary determines that such reference will result in undue discrimination against the cotton products of other persons: *And provided further,* That no such advertising or sales promotion programs shall make use of false or unwarranted claims in behalf of cotton or its products or false or unwarranted statements with respect to the quality, value, or use of any competing product.

(b) Providing for establishing and carrying on research and development projects and studies with respect to the production, ginning, processing, distribution, or utilization of cotton and its products, to the end that the marketing and utilization of cotton may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(c) Providing that handlers or any class of handlers maintain and make available for inspection such books and records as may be required by the order and for the filing of reports by such handlers at the times, in the manner, and having the content prescribed by the order, to the end that information and data shall be made available to the Cotton Board and to the Secretary which is appropriate or necessary to the effectuation, administration, or enforcement of the Act or of any order or regulation issued pursuant to this Act: *Provided, however,* That all information so obtained shall be kept confidential by all officers and employees of the Department of Agriculture and of the Cotton Board, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or upon the request, of the Secretary of Agriculture, or to which he or any officer of the United States is a party, and involving the order with reference to which the information

so to be disclosed was furnished or acquired. Nothing in this section shall be deemed to prohibit (1) the issuance of general statements based upon the reports of a number of handlers subject to an order, which statements do not identify the information furnished by any person, or (2) the publication by direction of the Secretary, of the name of any person violating any order, together with a statement of the particular provisions of the order violated by such person. Any such officer or employee violating the provisions of this subsection shall upon conviction be subject to a fine of not more than $1,000 or to imprisonment for not more than one year, or to both, and shall be removed from office.

(d) Terms and conditions incidental to and not inconsistent with the terms and conditions specified in this Act and necessary to effectuate the other provisions of such order.

REQUIRED TERMS IN ORDERS

SEC. 7. Orders issued pursuant to this Act shall contain the following terms and conditions:

(a) Providing for the establishment and selection by the Secretary, of a Cotton Board, and defining its powers and duties, which shall include only the powers:

(1) To administer such order in accordance with its terms and provisions;

(2) To make rules and regulations to effectuate the terms and provisions of such order, including the designa-

tion of the handler responsible for collecting the producer assessment;

(3) To receive, investigate, and report to the Secretary complaints of violations of such order; and

(4) To recommend to the Secretary amendments to such order.

(b) Providing that the Cotton Board shall be composed of representatives of cotton producers selected by the Secretary from nominations submitted by eligible producer organizations within a cotton-producing State, as certified pursuant to section 14 of this Act, or, if the Secretary determines that a substantial number of producers are not members of or their interests are not represented by any such eligible producer organizations, from nominations made by producers in the manner authorized by the Secretary, so that the representation of cotton producers on the Board for each cotton-producing State shall reflect, to the extent practicable, the proportion which that State's marketings of cotton bears to the total marketings of cotton in the United States: *Provided, however,* That each cotton-producing State shall be entitled to at least one representative on the Cotton Board.

(c) Providing that the Cotton Board shall, subject to the provisions of subsection (g) of this section, develop and submit to the Secretary for his approval any advertising or sales promotion or research and development plans or proj-

ects, and that any such plan or project must be approved by the Secretary before becoming effective.

(d) Providing that the Cotton Board shall, subject to the provisions of subsection (g) of this section, submit to the Secretary for his approval, budgets on a fiscal period basis of its anticipated expenses and disbursements in the administration of the order, including probable costs of advertising and promotion and research and development projects.

(e) Providing that the producer or other person for whom the cotton is being handled shall pay to the handler of cotton designated by the Cotton Board pursuant to regulations issued under the order and that such handler of cotton shall collect from the producer or other person for whom the cotton, including cotton owned by the handler, is being handled, and shall pay to the Cotton Board, an assessment prescribed by the order, on the basis of bales of cotton handled, for such expenses and expenditures, including provision for a reasonable reserve, as the Secretary finds are reasonable and likely to be incurred by the Cotton Board under the order, during any period specified by him. To facilitate the collection and payment of such assessments, the Cotton Board may designate different handlers or classes of handlers to recognize differences in marketing

practices or procedures utilized in any State or area, except that no more than one such assessment shall be made on any bale of cotton. The rate of assessment prescribed by the ~~initial order shall be $1 per bale of cotton handled, and such rate may not be changed except by further order duly approved by the Secretary on the basis of a hearing and subject to approval by cotton producers in a referendum pursuant to section 8~~ *order shall be $1 per bale of cotton handled.* The Secretary may maintain a suit against any person subject to the order for the collection of such assessment, and the several district courts of the United States are hereby vested with jurisdiction to entertain such suits regardless of the amount in controversy: *Provided,* That the remedies provided in this section shall be in addition to, and not exclusive of, the remedies provided for elsewhere in this Act or now or hereafter existing at law or in equity.

(f) Providing that the Cotton Board shall maintain such books and records and prepare and submit such reports from time to time, to the Secretary as he may prescribe, and for appropriate accounting by the Cotton Board with respect to the receipt and disbursement of all funds entrusted to it.

(g) Providing that the Cotton Board, with the approval of the Secretary, shall enter into contracts or agreements for the development and carrying out of the activities authorized

under the order pursuant to sections 6 (a) and (b), and for the payment of the costs thereof with funds collected pursuant to the order, with an organization or association whose governing body consists of cotton producers selected by the cotton producer organizations certified by the Secretary under section 14, in such manner that the producers of each cotton-producing State will, to the extent practicable, have representation on the governing body of such organization in the proportion that the cotton marketed by the producers of such State bears to the total cotton marketed by the producers of all cotton-producing States, subject to adjustments to reflect lack of participation in the program by reason of refunds under section 11. Any such contract or agreement shall provide that such contracting organization or association shall develop and submit annually to the Cotton Board, for the purpose of review and making recommendations to the Secretary, a program of research, advertising, and sales promotion projects, together with a budget, or budgets, which shall show the estimated cost to be incurred for such projects, and that any such projects shall become effective upon approval by the Secretary. Any such contract or agreement shall also provide that the contracting organization shall keep accurate records of all its transactions and make an annual report to the Cotton Board of

activities carried out and an accounting for funds received and expended, and such other reports as the Secretary may require.

(h) Providing that no funds collected by the Cotton Board under the order shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsection (a) (4) of this section.

REQUIREMENT OF REFERENDUM AND COTTON PRODUCER APPROVAL

SEC. 8. ~~The Secretary shall conduct a referendum among cotton producers for the purpose of ascertaining whether the issuance of an order is approved or favored by producers. No order issued pursuant to this Act shall be effective unless the Secretary determines that the issuance of such order is approved or favored by not less than two-thirds of the cotton producers voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production of cotton, or by cotton producers voting in the referendum who, during such representative period, have produced at least two-thirds of the volume of cotton produced by such producers.~~ *The Secretary shall conduct a referendum among persons who, during a representative period determined by the Secretary, have been engaged in the production of cotton for the purpose of ascertaining whether the issuance of an order is approved or*

favored by producers. No order issued pursuant to this Act shall be effective unless the Secretary determines that the issuance of such order is approved or favored by not less than two-thirds of the producers voting in such referendum, or by the producers of not less than two-thirds of the cotton produced during the representative period by producers voting in such referendum and by not less than a majority of the producers voting in such referendum.

SUSPENSION AND TERMINATION OF ORDERS

SEC. 9. (a) The Secretary shall, whenever he finds that any order issued under this Act, or any provision thereof, obstructs or does not tend to effectuate the declared policy of this Act, terminate or suspend the operation of such order or such provision thereof.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of 10 per centum or more of the number of cotton producers voting in the referendum approving the order, to determine whether cotton producers favor the termination or suspension of the order, and he shall suspend or terminate such order at the end of the marketing year, as defined in the order, whenever he determines that suspension or termination of the order is approved or favored by a majority of the producers of cotton voting in such referendum who, during a representative

period determined by the Secretary, have been engaged in the production of cotton, and who produced more than 50 per centum of the volume of the cotton produced by the cotton producers voting in the referendum.

(c) The termination or suspension of any order, or any provision thereof, shall not be considered an order within the meaning of this Act.

PROVISIONS APPLICABLE TO AMENDMENTS

SEC. 10. The provisions of this Act applicable to orders shall be applicable to amendments to orders.

PRODUCER REFUNDS

SEC. 11. Notwithstanding any other provision of this Act, any cotton producer against whose cotton any assessment is made and collected from him under the authority of this Act and who is not in favor of supporting the research and promotion program as provided for herein shall have the right to demand and receive from the Cotton Board a refund of such assessment: *Provided,* That such demand shall be made personally by such producer in accordance with regulations and on a form and within a time period prescribed by the Board and approved by the Secretary, but in no event less than ninety days, and upon submission of proof satisfactory to the Board that the producer paid the assessment for which refund is sought, and any such refund shall be made within sixty days after demand therefor.

PETITION AND REVIEW

SEC. 12. (a) Any person subject to any order may file a written petition with the Secretary, stating that any such order or any provision of such order or any obligation imposed in connection therewith is not in accordance with law and praying for a modification thereof or to be exempted therefrom. He shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations made by the Secretary. After such hearing, the Secretary shall make a ruling upon the prayer of such petition which shall be final, if in accordance with law.

(b) The district courts of the United States in any district in which such person is an inhabitant, or has his principal place of business, are hereby vested with jurisdiction to review such ruling, provided a complaint for that purpose is filed within twenty days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the Secretary by delivering to him a copy of the complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted pursuant to subsection (a) of this

section shall not impede, hinder, or delay the United States or the Secretary from obtaining relief pursuant to section 13 (a) of this Act.

ENFORCEMENT

SEC. 13. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating any order or regulation made or issued pursuant to this Act.

(b) Any handler who willfully violates any provision of any order issued by the Secretary under this Act, or who willfully fails or refuses to collect or remit any assessment or fee duly required of him thereunder, shall be liable to a penalty of not more than $1,000 for each such offense which shall accrue to the United States and may be recovered in a civil suit brought by the United States.

CERTIFICATION OF COTTON PRODUCER ORGANIZATION

SEC. 14. The eligibility of each cotton producer organization to represent cotton producers of a cotton producing State to request the issuance of an order under section 4, and to participate in the making of nominations under section 7 (b) shall be certified by the Secretary and shall be based in addition to other available information upon a factual report submitted by the organization which shall contain information deemed relevant and specified by the

Secretary for the making of such determination, including the following:

(a) Geographic territory within the State covered by the organization's active membership;

(b) Nature and size of the organization's active membership in the State, proportion of total of such active membership accounted for by farmers, a map showing the cotton-producing counties in such State in which the organization has members, the volume of cotton produced in each such county, the number of cotton producers in each such county, and the size of the organization's active cotton producer membership in each such county;

(c) The extent to which the cotton producer membership of such organization is represented in setting the organization's policies;

(d) Evidence of stability and permanency of the organization;

(e) Sources from which the organization's operating funds are derived;

(f) Functions of the organization; and

(g) The organization's ability and willingness to further the aims and objectives of this Act:

Provided, however, That the primary consideration in deter-

mining the eligibility of an organization shall be whether its cotton farmer membership consists of a sufficiently large number of the cotton producers who produce a relatively significant volume of cotton to reasonably warrant its participation in the nomination of members for the Cotton Board. The Secretary shall certify any cotton producer organization which he finds to be eligible under this section, and his determination as to eligibility shall be final.

REGULATIONS

SEC. 15. The Secretary is authorized to make such regulations with the force and effect of law, as may be necessary to carry out the provisions of this Act and the powers vested in him by this Act.

INVESTIGATIONS: POWER TO SUBPENA AND TAKE OATHS AND AFFIRMATIONS: AID OF COURTS: SELF-INCRIMINATION

SEC. 16. (a) The Secretary may make such investigations as he deems necessary for the effective carrying out of his responsibilities under this Act or to determine whether a handler or any other person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, or of any order, or rule or regulation issued under this Act. For the purpose of any such investigation, the Secretary is empowered to administer oaths and affirmations, subpena wit-

nesses, compel their attendance, take evidence, and require the production of any books, papers, and documents which are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpena issued to, any person, including a handler, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring such person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

(b) No person shall be excused from attending and testifying or from producing books, papers, and documents before the Secretary, or in obedience to the subpena of the Secretary, or in any cause or proceeding, criminal or otherwise, based upon or growing out of any alleged violation of this Act, or of any order, or rule or regulation issued there-

under on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

DEFINITIONS

SEC. 17. As used in this Act:

(a) The term "Secretary" means the Secretary of Agriculture.

(b) The term "person" means any individual, partnership, corporation, association, or any other entity.

(c) The term "cotton" means all upland cotton harvested in the United States, and, except as used in section 7(e), includes cottonseed of such cotton and the products derived from such cotton and its seed.

(d) The term "handler" means any person who handles cotton or cottonseed in the manner specified in the order or in the rules and regulations issued thereunder.

(e) The term "United States" means the 50 States of the United States of America.

(f) The term "cotton-producing State" means any State in which the average annual production of cotton during the five years 1960–1964 was twenty thousand bales or more, except that any State producing cotton whose production during such period was less than such amount shall under regulations prescribed by the Secretary be combined with another State or States producing cotton in such manner that such average annual production of such combination of States totaled twenty thousand bales or more, and the term "cotton-producing State" shall include any such combination of States.

(g) The term "marketing" includes the sale of cotton or the pledging of cotton to the Commodity Credit Corporation as collateral for a price support loan.

SEPARABILITY

SEC. 18. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION

SEC. 19. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such funds as are necessary to carry out the provisions of this Act. The funds so appropriated shall not be available

for the payment of the expenses or expenditures of the Cotton Board in administering any provisions of any order issued pursuant to the terms of this Act.

EFFECTIVE DATE

SEC. 20. This Act shall take effect upon enactment.

Passed the House of Representatives March 3, 1966.

Attest: RALPH R. ROBERTS,

Clerk.

Calendar No. 1238

89TH CONGRESS
2D SESSION

H. R. 12322

[Report No. 1272]

AN ACT

To enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

MARCH 4, 1966

Read twice and referred to the Committee on Agriculture and Forestry

JUNE 13, 1966

Reported with amendments

H. R. 12322

AN ACT

DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(FOR INFORMATION ONLY;
NOT TO BE QUOTED OR CITED)

Issued June 16, 1966
For actions of June 15, 1966
89th-2nd; No. 98

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HIGHLIGHTS: Senate passed cotton research and promotion bill. Senate passed bill to extend time to file tobacco allotment leases. Senate committee reported dog-cat handling bill.

HOUSE

1. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 14266, the Treasury, Post Office, and Executive Office appropriation bill. The bill will now be sent to the President. pp. 12609-10, 12666-68

2. NUTRITION CONFERENCE. Agreed to without amendment H. Res. 884, authorizing the Agriculture Committee to send three members to the Conference of the Americas on Malnutrition in Panama, June 19 through 25, 1966. pp. 12670-71

3. PERSONNEL. Rep. ~~Gross~~ Michel criticized alleged pressures on Federal employees in the current bond drive. p. 12665

Rep. Pepper inserted an article commending the work of the Equal Employment Opportunity Commission in dealing with complaints of race discrimination in jobs related to the Federal Government. pp. 12718-19

4. PORK PURCHASES. Rep. Gross commended and inserted an article claiming "secret price moves" by Secretary Freeman in military pork purchases. p. 12693

5. TARIFF. Several representatives spoke opposing any reduction in existing tariffs on cotton textiles. pp. 12701-05

6. WATER RESOURCES. The Committee on Interior and Insular Affairs voted to report (but did not actually report) H. R. 13419, with amendments, to authorize the Secretary of the Interior to engage in feasibility investigations of certain water resource development proposals. p. D535

7. FOREIGN AID. Rep. Curtis commended and inserted an article on Dominican Republic relations and foreign aid. pp. 12708-10

8. OPINION POLLS. Reps. Minshall, Ashbrook, and Monagan announced the results of opinion polls from their districts which include items of interest to this Department. pp. 12710-11, 12712, 12719-20

9. DEFENSE PRODUCTION. Rep. Rhodes inserted the Republican Policy Committee statement opposing the standby consumer credit controls provision in the proposed Defense Production Act extension bill. pp. 12705-6

SENATE

10. TOBACCO. Passed without amendment H. R. 15124, to provide that any lease or transfer of a tobacco allotment shall be effective, notwithstanding failure to file a copy with the county committee prior to the closing date, if compliance was agreed to prior to the closing date and the terms of the lease are filed with the county office not later than July 31 of any year (p. 12526). The bill was reported by the Agriculture and Forestry Committee, without amendment, on June 13, during adjournment (S. Rept. 1271) (p. 12525). This bill will now be sent to the President.

11. COTTON. By a vote of 49-20, passed as reported H. R. 12322, the proposed Cotton Research and Promotion Act (pp. 12593-608). The bill was reported by the Agriculture and Forestry Committee, with amendment, on June 13 during adjournment (S. Rept. 1272) (p. 12525).

12. HAWAII LOANS. Passed with an amendment S. 112, to authorize the Secretary of Agriculture to make real estate mortgage loans on leased lands in Hawaii (p. 12527). The Agriculture and Forestry Committee had reported this bill with amendments on June 14, during adjournment (S. Rept. 1274). The bill as amended "would authorize the Secretary of Agriculture to make farm improvement loans under subtitle A of the Consolidated Farmers Home Administration Act of 1961 to lessee-operators of farm land in Hawaii where (1) the land cannot be acquired by the applicant; (2) adequate security is provided for the loan; and (3) there is a reasonable probability of accomplishing the objectives and repayment of the loan."

France, Cambodia, biack Africa, Selma, or New York City, in Viet Nam, in every part of the world, democracy is waging a battie against suppression. It is contending to make certain rights "secure as the faith and freedom of nations" can make them. All of these certain rights can be inciuded in one phrase, which is the key to the future of democracy in the space age: freedom of the individual. Thomas Jefferson, one of the framers of our country's history of justice and democracy said, "The people are our oniy sure reiiance for our preservation of our freedom." But why wouid the freedom of our people endure even if ail of the documents which guaranteed that freedom were burned? Why does the liberty of the individuai hold the door of the future open to democracy? One main social idea in government systems of the peopie answers these two questions; it is individual initiative.

Because of individual initiative, competition through free enterprise advances our country. In our free enterprise system, companies vie with each other for advancement and better products. In the space age, Motorola, General Electric, Bell System, and other large companies work to find new ideas, new products, new advances for our future beyond our planet. Aircraft companies work to be the first to bring forth a new perspective in missile sateiiite, and rocket building. By adding their new ideas to the ever growing advances being made in this field, they take the United States through one more lap in the race for space. In a system in which individuai initiative is suppressed, competition, as such, is non-existent. Everyone is working for the government, with no reason to try to be first, for there is no competition. The freedom of the individual, and any reai reason for him to try to succeed is nil.

In the United States of America, where the liberty of each and every person is predominant, one can strive to get ahead, to better one's present state, to find a goal and strive for it. I do believe that a governmental system which can show through actions, not hallow promises, that the freedom of the individual to better himself prevails, can win the battle over suppression. Surely, the starving people of the world, upon seeing Presidents and other famous Americans, who have rooted themseives from the bonds of povetry, wiii picture their famiiies with food on the table, instead of promises of food, with sons in school instead of promises of schools. Sureiy, the people oppressed by unstabie governments and cruei dictatorships wiii iook to a country in which the people have a say in the government, in which the governing powers are directiy answerable to the peopie themselves. Surely, the people torn by a war in their country wiii see the American soldiers dying to maintain the freedom of the individuai, fighting against soldiers who are only the tools of a government which is trying to gain iand and power. The right of a man to try to reach a goai, to take care of his famiiy, to compete to better himself, and thereby better his country, is the open door to the future of democracy. The freedom of the individual is the proof that democracy is the only form of government which can keep up with the space age.

Can Democracy Keep Up With the Space Age?

(By Glen Edward Garrett, East High School, Cheyenne, Wyo.)

As the first orbit of Sputnik I shocked our world into a new era of chaiienge, the space age, doubts arose as to the abiiity of a democratic form of government to compete with communism. After ail, communism is relatively modern compared to democracy, and perhaps, it is better suited to meet the chaiienges of the space age. In their initial triumph on space, the Russians presented the United States with this new era's most obvious challenge—the chaiienge of technoiogy. Not only did democracy prove its ability to compete in a modern world, but also it met and surpassed the initiai chaiienge of the space agc. Since Sputnik I the United States has exceeded the Russians in the number of both manned and unmanned sateiiites. This technoiogicai demand, however, is oniy the superficial challenge facing the United States in the space age. Underlying the surface demand of the space age is a chaiienge that the United States must mcet as the most powerful nation.

What is this chaiienge? In any situation where power over men is concerned, the most important chaiienge to be met is that of responsibiiity. Moreover, in an age where man has created the power to move mountains to dig rivers, or to destroy the worid, the necessity of responsibiiity is magnified. Because the people rule in a democracy, the peopie accept the responsibility of not annihiiating themseives and; therefore, democracy is the most responsibie form of government. For this reason and the fact that most of the nuclear weapons in the world are controiied by the United States, democracy must survive in this new era in order that responsibility to the people survive. Can democracy keep up with the space age?

To answer this question at this point would be simiiar to saying our government was obsolete when the communists succeeded in orbiting the first sateiiite. The fountainhead of democracy of both the space age and of democracy must be singled out and examined. Only after the roots of each have been discovered can we answer our question.

The words "space age" bring to mind many terms that one might attribute to its existence. Atomic energy, sateiiites, technology, and computors are only a few of the numerous innovations which have been either separately or coiiectively credited for creating the space age. These innovations, however, are not the prime cause for the age of space. Within each of these so-caiicd causes can be found one common element which is actuaiiy responsible for our new era. Everything in the space age is reaiiy only a result of the accumulated knowledge of man. For exampie, consider the origin and the events that led up to the one invention to which most people credit the space age. This invention, of course, is the modern missile but it may be traced back to the bicycle. In 1895 two bicycle manufacturers became interested in the probiems of fiying. Perusing their interest they increased their knowiedge through books, wind-tunnel experiments and study of the flight of birds. Finaiiy, in 1905, their accumuiated knowiedge in aerodynamics aiiowed the Wright brothers to make their debut at Kittyhawk with the first successfui airpiane fiight. From this initial invention the airpiane improved as the knowledge of man increased in other fieids. The expansion of knowledge led to improvements in engines, materiais and designs. Through aii these advancements the airpiane evoived into the V–I or the buzz bomb of World War II. A short time later increased German knowledge introduced the V–2, which was the first rocket as we think of rockets today. Greater knowledge of chemistry, aerodynamics, radio communications, and of many other sciences led to the deveiopment of our present day missile which officiaiiy iaunched us into the space age. As can be seen, the space age is actuaiiy nothing more than an outgrowth of the knowiedge of man.

In a similar manner we can dissect democracy to find the eiement responsibie for it. Democracy has severai connotations, such as "government of the peopie, by the pcopie and for the peopie," or "iife, liberty and the pursuit of happiness." Freedom, the individual and independence are also associated with the word democracy. Yet aii these factors, freedoms and rights of democracy compose our right to vote. In voting, free speech, the right to assembie, the freedom of the press and our other rights go into action. In our modern concept aii peopie must share the right to vote in order to have a democracy, but this right has not always been shared equaiiy in our country. This being true, how is it that our country has aiways ben a democracy? An examination of this one element of democracy—the right to vote—shouid reveai why there is democracy in our country.

Looking back to the beginning of democracy in America one wouid expect to find it in its purest and most untouched form. On the contrary, one finds quite the opposite. In the eighteenth century voting was restricted to white, male, iandowners. This seemingiy unfair class of voters, however, inciuded most of the educated peopie of that time. Women, non-whites, and non-iandowners had iittle or no chance of obtaining an education, and iikewise, our founding fathers did not ailow them to vote. These educational voter requirements, along with iiteracy tests, indicate that the founders of our country felt that knowledge is the strength of democracy and that only through knowiedge can democracy survive. The rights of voting, however, expanded as knowledge expanded to more ciasses in America. As women, non-whites and non-iandowners gained educations, they similarly gained the right to vote. By its very virtue, knowledge contains a certain responsibiiity. Thus, a democracy in America having only educated voters is naturaiiy responsibie as a form of government. Today, when aii ciasses of citizens possess knowiedge, aii classes possess the right to vote. Democracy, as we know it today, is purer than it was when our ancestors first acepted its principies. One can see that democracy, like the space age, is actuaiiy an outgrowth of knowiedge.

When knowicdge is used in a democracy, it is used "by the people and for the peopie." In the space age, survival depends upon the responsible use of knowledge found in a democracy. Yet at the same time, democracy depends upon the continuing expansion of the knowledge of man, and the space age wiii provide this expansion. Each can work with the other for the advancement of both. Because both democracy and the space age are the offspring of man's knowiedge, democracy not only can but must keep up with the space age.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

COTTON RESEARCH AND PROMOTION ACT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1238, H.R. 12322, and that it be laid before the Senate and made the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (H.R. 12322) to enable cotton growers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position, of and to expand markets for, cotton.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry, with amendments, on page 10, line 4, after the word "the", to strike out "initial order shall be $1 per bale of cotton handled, and such rate may not be changed except by further order duly approved by the Secretary on the basis of a hearing and subject to approval by cotton producers in a referendum pursuant to section 8" and insert "order shall be $1 per bale of cotton handled"; and on page 12, line 10, after "Sec. 8.", to strike out "The Secretary shall conduct a referendum among cotton producers for the purpose of ascertaining whether the issuance of an order is approved or favored by producers. No order issued pursuant to this Act shall be effective unless the Secretary determines that the issuance of such order is approved or favored by not less than two-thirds of the cotton producers voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production of cotton, or by cotton producers voting in the referendum who, during such representative period, have produced at least two-thirds of the volume of cotton produced by such producers." and insert "The Secretary shall conduct a referendum among persons who, during a representative period determined by the Secretary, have been engaged in the production of cotton for the purpose of ascertaining whether the issuance of an order is approved or favored by producres. No order issued pursuant to this Act shall be effective unless the Secretary determines that the issuance of such order is approved or favored by not less than two-thirds of the producers voting in such referendum, or by the producers of not less than two-thirds of the cotton produced during the representative period by producers voting in such referendum and by not less than a majority of the producers voting in such referendum.".

Mr. TALMADGE. Mr. President, I suggest the absence of a quorum, without losing my right to the floor.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TALMADGE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TALMADGE. Mr. President, the bill before the Senate today, H.R. 12322, is designed solely to help cotton farmers help themselves. Essentially H.R. 12322 would provide authority for these farmers to decide, in a referendum, whether they wanted to assess themselves $1 a bale on the cotton they produced. This would be used to finance additional cotton research and promotion, in an effort to encourage the increased consumption of cotton.

Mill consumption of cotton has been trending downward for some time. For example, for the 5-year period 1950–54, consumption averaged about 4.5 billion pounds, whereas during the 1960–64 period consumption averaged only 4.1 billion pounds, a reduction of almost 9 percent. During this same period, consumption of all fibers increased by about 8 percent.

This downward trend was reversed by the passage of the 1964 and 1965 one-price cotton laws. Senators will remember that these laws reduced the price of cotton to domestic mills to world price levels, whereas previously they had been paying from 6.5 to 8.5 cents above world market prices. This permitted cotton to become competitive pricewise with rayon and acetates. The table on page 5 of the report shows that the mill use of cotton, which has been trending downward, increased after 1963 by a substantial amount. On the other hand, mill use of rayon and acetate was slowed to about one-third the rate of increase since 1960.

The most significant change in the whole fiber picture in the United States has been the spectacular gain in the group of fibers which are known as noncellulosics. These are the higher priced synthetic fibers such as polyester, which is sold under the trade names of Dacron, Kodel, Fortrel, and so forth; acrylics which are sold under the trade name of Acrilan; and nylon. These fibers are priced three to four times higher per pound than cotton. But the consumption of these higher priced noncellulosic fibers now totals an amount equal to about 7 million cotton bales a year.

Mr. GORE. Mr. President, will the Senator from Georgia yield at that point?

Mr. TALMADGE. I am happy to yield to the Senator from Tennessee.

Mr. GORE. I was wondering whether the per-pound price is the best means of comparison of the value and the amount of yarn contained? I seek only information.

Mr. TALMADGE. I do not believe so. I believe that the big problem here, let me say in response to the Senator from Tennessee, is the fact that they are spending some $200 million a year to promote the utilization of synthetics and for research, whereas the cotton farmers are spending only approximately $4 million a year so that they are being outspent by about 50 to 1 in that regard.

As the Senator knows, the American people are susceptible to advertising. When a product is advertised, results are obtained. Here is a magazine called Seventeen. There appear some 50 advertisements in this magazine relating to synthetic fibers which cost up to 80 cents a pound. In the same magazine, there is very little advertising which relates purely to cotton.

Thus, the Senator can see what a tremendous job these giant corporations—and there are about nine of them which produce approximately 90 percent of the manmade fibers and synthetics—are doing when they advertise their product, research their product, or promote their product, while the cotton farmers are spending only $4 million a year.

Mr. GORE. I can also see some very beautiful models are used in the advertisements the Senator is showing me.

Mr. TALMADGE. There are, indeed. Of course, the Senator knows that beautiful models will also sell a product.

Mr. President, during the last 2 years alone, the increase in the consumption of these fibers has amounted to more than 2 million bales of cotton. These fibers are used on the cotton-spinning system.

While cotton was selling for about 24 cents per pound during this last year, orlon sold for about 80 cents per pound, dacron for 84 cents per pound, and nylon for 88 cents per pound. Obviously something other than price has caused this sharp increase. If these fibers competed with cotton on the basis of price alone, they would not have been gaining markets at the expense of the lower priced cotton and rayon.

Generally speaking, competition between fibers is broken down into three categories. The first, which we have already mentioned and which is very important, is price competition. The next is competition in the field of research and development and the third is promotion or advertising.

Testimony presented at the hearings on this bill indicates that the synthetic fiber industry spent about $135 million in 1965 on research and development to improve the quality of those fibers and the products made therefrom. This contrasts with about $26 million being spent on cotton research. This is from all sources, both public and private. In the area of promotion, synthetic fiber producers last year spent about $70 million to increase the sale of textiles made from their fibers. This contrasts with about $4 million spent for cotton promotion. Obviously, cotton falls woefully short in its efforts to be competitive in research, development, and promotion.

To illustrate how the synthetic fiber industry is saturating the advertising field, one of the witnesses at the hearings showed a copy of the advertisements in one issue of a magazine. There appeared in this magazine 64 ads in which a fiber was mentioned: 4 of the 64 advertised wool, 9 advertised cotton and the remaining 51 out of the 64 featured manmade fibers. These ads urged consumers to use textiles made of specific fibers. In the case of the synthetic fiber industry, they are paid for by the producers of synthetic fibers. There are many, many other ways in which these tremendous sums are used to advertise or promote the consumption of these products. This could be done for cotton farmers if there were sufficient funds available.

For many years now, cotton farmers have known that a greatly expanded program of research and promotion was a necessity if cotton was to continue its role as a major textile fiber.

Leading cotton growers across the belt formed an organization in 1960, known as Cotton Producers Institute, whose purpose was to raise voluntarily $1 per

bale to finance the needed research and promotion for cotton.

Starting with a nucleus of a few key cotton growers, the new organization went to work in individual States and counties. Thirty-eight cotton producer groups threw their full support behind the effort. Some 8,600 of the country's leading cotton farmers were brought together in various committees assisting in the collection of the $1 per bale. Over 2,000 meetings were held with a combined attendance of over 110,000 farmers. I know of no greater organizational effort ever put forth on behalf of any agricultural commodity. The effort was only partially successful, however.

It is not possible to go directly to the half million cotton farmers and ask for the money individually. This would be prohibitive in cost. Thus, an effort was made to collect the money where the cotton was concentrated, namely, from the processor and handler branches of the industry. But it was never possible to obtain the necessary full cooperation to establish a uniform collection.

An illustration of the reason for this can be given in the case of the cotton gins, which were making the collection in some areas. Normally there are several gins serving any given area and they compete very strongly with one another to get the biggest volume they can in order to make the largest margin of profit. Where all the gins in a competitive area are collecting the $1 a bale the program works fine. But if just one gin reduces the price of ginning by $1 a bale and fails to make the collection, he immediately gains a very strong competitive advantage over the other gins. The other gins are placed in an untenable position and begin pulling out of the program in order to meet the competition. The whole effort comes apart in that area. It is clear that there must be a uniform collection in every area.

As I said in my opening remarks, the pending measure simply provides a means for farmers to vote in a referendum on the question of whether they want to establish a uniform collection system to obtain needed funds for research and promotion.

The 1937 Marketing Agreement Act now provides for the collection of money for research and promotion. The Wool Act also contains such a provision. In both of these, the plan can be put into effect if the producers of two-thirds of the production of the commodity represented in the referendum favor the plan.

Under H.R. 12322, as amended by the Senate Committee on Agriculture and Forestry, in order for the referendum to carry on a volume basis, there must also be a majority of the farmers voting in the referendum who favor the plan. Under any of these authorities approval of two-thirds or more of the farmers voting is sufficient for the plan to be put into effect.

Other safeguards for farmers are included in the bill. For example, any farmer who does not choose to support the program financially may obtain a refund of the money he paid. Additionally, if a number of farmers equal to 10 percent of those voting in the referendum petition the Secretary to conduct a referendum to determine whether the program should be terminated, the Secretary must conduct such a referendum.

If termination is favored by a majority of the farmers voting and by farmers who produced at least 50 percent of the cotton represented in the referendum, the Secretary must terminate the program. In addition, the Secretary may terminate the program if he feels it is not carrying out the declared policy of the act or he may at his own option call for a referendum.

The provisions of the bill can probably be best described by explaining how the program would work if enacted into law:

First. Cotton producer organizations would propose a cotton research and promotion order to the Secretary.

Second. If the Secretary determined that the proposed order would achieve the objectives of the act, he would issue a notice and hold public hearings on the proposal.

Third. If the Secretary determined on the basis of the evidence introduced at the hearings that the order would accomplish the purposes of the act, he would issue the order.

Fourth. The order would then be submitted to a producer referendum. No order could become effective unless it is approved by at least two-thirds of the producers voting in the referendum or by the producers of two-thirds of the volume of production represented in the referendum; and in the latter alternative it must be approved by at least a majority of the producers voting in the referendum.

Fifth. If the requisite producer approval is obtained, the order could become effective.

Sixth. The Secretary would appoint a cotton board to administer the order from nominations submitted by eligible producer organizations.

Seventh. The cotton board would enter into a contract with a cotton-producer organization whose governing body would consist of cotton producers selected by cotton-producing organizations certified under the act in such manner that every cotton-producing State, to the extent practicable, would have representation in relation to the volume of cotton marketed from such State.

Eighth. The cotton-producer organization would develop and submit annually to the cotton board cotton research and promotion projects together with an estimated budget covering the cost thereof. Such projects and budget, after review by the cotton board, would be submitted by the board to the Secretary with its recommendations.

Ninth. Research and promotion projects and budgets would become effective only after approval by the Secretary.

Tenth. Those research and promotion projects proposed by the cotton-producer organization, recommended by the cotton board, and approved by the Secretary would be carried out by the cotton-producer organization pursuant to its contract with the cotton board.

Eleventh. The cost of such research and promotion projects, as well as the expenses of the cotton board, would be paid from producer assessments of $1 per bale collected by handlers specified in regulations adopted by the cotton board.

Twelfth. Any cotton producer who paid any assessment collected under the order could obtain a refund of such assessment upon application to the cotton board.

Thirteenth. The order or any provision thereof would be terminated or suspended by the Secretary if he found that it did not effectuate the declared objectives of the act.

Fourteenth. Ten percent by number of the cotton producers voting in the referendum establishing the order would request a referendum to determine whether cotton producers desire to suspend or terminate the order. If the majority of the cotton producers voting in any such referendum who produce more than 50 percent of the cotton produced by producers voting therein favor termination or suspension of the order, the Secretary would be required to terminate or suspend the order.

The bill also includes, of course, ancillary provisions dealing with reports, records, and enforcement.

Now a word about support of this legislation. Nationally it is supported by the farmer organizations with the sole exception for the American Farm Bureau Federation. I know of no State, regional, or area organization in the Cotton Belt which is opposed to bill except some of the State farm bureaus. Evidence was presented at the hearings that there were 47 State and local organizations in the Cotton Belt which have endorsed H.R. 12322.

On August 1, 1966, we will have an all-time record high carryover of cotton on hand. It will amount to about 16¾ million bales. This is more than we normally produce in a year and more than we normally consume and export. Commodity Credit Corporation will probably have $2½ billion of taxpayers money tied up in cotton. The Government will be paying hundreds of millions of dollars a year to farmers to reduce their cotton acreage so that we can bring the cotton surplus down to a manageable level. Facing such a serious supply situation as this, it makes little sense to deny cotton farmers the right to vote on the question of whether they want to assess themselves $1 a bale to be used for research and promotion, the effect of which would be to encourage the consumption of cotton in the United States and thereby contribute to the reduction of a burdensome surplus. I urge the Senate to approve the bill.

Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc and that the bill as thus amended be considered as original text for further amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. ELLENDER. Mr. President, I compliment my good friend from Georgia for having explained the bill so thoroughly.

Mr. President, for a number of years now cotton producers have been struggling with the problem of surplus stocks. The latest estimate by the Department of Agriculture indicates that there will be a carryover of upland cotton on August 1, 1966, of approximately 16.5 million bales. Never before have carryover stocks of cotton been so high, and I, for one, feel that something must be done about it.

Both in 1964 and in 1965 Congress enacted laws which provided for the so-called one-price cotton under which domestic mills are able to obtain cotton at the world prices. This was done in an effort to encourage the increased use of cotton by our domestic mills. And to a very limited extent some success has been achieved. In 1963, domestic mills used 8.5 million bales. This increased to 9 million in 1964 and it is expected that 9.3 million bales will be used this year. But, this is not enough. The producers of cotton have petitioned Congress to permit them to set up a program for research and promotion which they would finance themselves on a voluntary basis.

A similar program which cotton producers had instituted in 1960 was unsuccessful. It was clearly shown during the course of the hearings that it was unworkable and ineffective because of a lack of participation of some segments of the industry. Cotton gins for example, which were necessary in the collecting procedures under which the program operated refused to fully cooperate.

The program provided for in the bill now before the Senate is not being imposed upon producers by the Congress and cannot be imposed upon producers by the Secretary of Agriculture.

The bill requires that in order to be effective any proposed program must be approved by at least a majority of the producers even where it is approved by the producers of two-thirds of the volume of cotton produced. Approval by two-thirds of the producers would continue to be required where the order is approved by the producers of less than two-thirds of the cotton. This requirement is more stringent than the requirement in the Marketing Agreement Act of 1937. Under that act the general rule permits approval by either two-thirds of the producers or two-thirds of the volume.

I can see nothing wrong with a proposal whereby the consent of producers of a commodity is required before that proposal can be put into effect.

Furthermore, under the measure now before the Senate, producers would be permitted to obtain a refund, if they personally did not wish to contribute to the effort to increase the consumption of the commodity they produce. Mr. President, I repeat, there is no compulsion in this bill. It is purely voluntary effort on the part of informed producers to counteract a possible decline in consumption with the inevitable result of declining acres.

On page 81 of the hearings is an imposing list of cotton organizations which support this bill. It includes organizations from throughout the Cotton Belt.

These informed people realize that unless the consumption of cotton increases materially that all cotton producers will be faced with the possibility of reduced acreage. Carryover stocks of cotton must be reduced and when reduced must be maintained at manageable levels.

Unless consumption is increased, acreage will have to be reduced, for the increasing yields per acre more than compensate for the slightly larger domestic disappearance of the last 2 years.

Yields per acre on the 1961 crop averaged 438 pounds per acre. In 1965 the yield amounted to 531 pounds, an increase of 93 pounds in only 5 years.

I am in favor of permitting cotton producers to attempt to solve, on their own, one of the problems affecting the crop they produce. For too long, too many have looked to the Federal Government for solutions. Now, in this measure, producers are only asking that they be permitted to tackle their problem. They are not asking the Government to do it. They want to see if they can solve it themselves. I only hope that the Senate will permit this by voting in favor of the bill.

Mr. THURMOND. Mr. President, I firmly support H.R. 12322.

This bill is the product of long and careful discussions within the various segments of the cotton-producing and related industries. The urgent need for a coordinated program of both research and promotion is well recognized, and has been for a number of years, throughout this segment of our economy. This bill would establish such a program and the research and promotion of cotton engaged in would be paid for by an assessment of $1 on each bale of cotton produced, paid by the producers of the cotton.

The program of research and promotion authorized to be conducted and financed under the terms of this bill is a reasonable and forward-looking approach to the problem. The procedures authorized by the bill are as follows: The Secretary of Agriculture, after having found that the issuance of an order would tend to effectuate the purposes of the act, would give notice and provide an opportunity for hearing on a proposed order.

If, as a result of the hearing, the Secretary of Agriculture determines that the order would effectuate the purposes of the act, he would issue the order, to be effective only if approved by two-thirds of the producers voting in a referendum, or by a majority of the producers if that majority produces two-thirds of the cotton. Any such order issued will specify that each cotton producer will pay $1 for each bale of cotton produced to support the promotion and research program authorized by the bill and by the order.

Any order, or any provision of it, could be terminated or suspended by the Secretary of Agriculture upon a finding that it did not effecutate the purposes of the act. In addition, any order could be terminated by a majority vote, in both number and volume, in a referendum called by the Secretary of Agriculture on his own motion or at the request of 10 percent of the number of producers who voted in the referendum approving the order.

The promotion and research activities, which would be outlined in the order, would be administered by a Cotton Board. The Cotton Board would be composed of representatives of cotton producers selected from nominations submitted by producer organizations within the respective cotton-producing States. This section of the bill is carefully worded so that each cotton-producing State, regardless of the volume of its production, will have at least one representative on the Cotton Board. Representation on the Cotton Board will be proportionate to State cotton marketings.

After the promotion and research activities are authorized, if any producer does not agree with any of the terms of the order, or does not, for any other reason, wish to support the program, his $1 per bale assessment will be refunded. All he has to do is make a personal demand within 90 days after the collection of his assessment, and the bill states that he will receive his refund within 60 days after the demand therefor.

The program authorized by the terms of this bill is a true self-help program. It is a result of long and serious consultations within the cotton-producing and cotton-using industry and is a cooperative effort.

This program is a completely voluntary program. As has been stated, if any particular producer does not wish, for any reason whatsoever, to support it, his money will be refunded.

The research and promotion activities contemplated by the bill will be completely financed by these voluntary contributions. There will be no expense to the U.S. Treasury for these research efforts.

This program is a carefully conceived one which safeguards the rights and interests of each and every producer.

This is certainly a reasonable and farsighted response to a problem which has been plaguing cotton producers for many years. Cotton is the basic natural fiber in our Nation. As our population increases and the affluence of our people grows, the use of fabrics naturally increases. Largely because of a lack of a program of research and promotion of this type, cotton has not held its percentage share of the increase in fiber consumption.

Cotton has been confronted with strong competition from manmade fibers in domestic outlets for the past two or three decades; but within the last 5 or 10 years, the competition has become increasingly stronger.

From 1930 to 1960, the cotton share of the total U.S. fiber market dropped from about 85 to 65 percent. Since 1960, cotton's share of the market has declined at a much greater rate and was at a low of approximately 53 percent in 1965.

The bill would provide a realistic means for cotton producers to meet the steadily increasing competition of manmade fibers.

It has been said that cotton producers either do not favor the bill or are lukewarm in their attitude toward it. Speaking for the cotton producers of my State of South Carolina, I can say with-

out hesitation that the overwhelming majority strongly favor this bill and are anxious to participate in the promotion and research program authorized by it. They know it is to their benefit and would be very pleased to have the opportunity to participate in and support this program.

I urge that the Senate approve this bill and provide the opportunity for these producers to help themselves.

The PRESIDING OFFICER. Are there further amendments to be proposed?

Mr. YARBOROUGH. Mr. President, I support H.R. 12322, a bill to permit cotton farmers to help themselves. It levies no tax on the general taxpayer. It permits the cotton farmers, by their own referendum, to tax themselves $1 a bale for research and development of cotton.

Mr. President, cotton is the Nation's No. 1 field crop. Its annual farm value is approximately $2.5 billion. Almost $10 billion of our gross national product is directly related to the cotton industry. No other group gives a living to as many farm families and others who work in related industries as does cotton.

In my State of Texas, the value of the cotton crop is $642 million a year. A total of 234,000 Texas workers take home more than $322 million a year through their employment in the cotton industry. No other industry in my State offers employment to as many different people as does the cotton industry. Despite the rapid urbanization of the State, despite the production of minerals, of oil and gas, despite the fact that Texas produces 23 percent in value of all the minerals produced in the United States each year, cotton still gives more families a living than any other commodity in our State.

I ask unanimous consent to have printed at this point in the RECORD a table from the Progressive Farmer of June, 1966.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

WHAT IS COTTON WORTH TO TEXAS?

What is the value of the cotton industry to Texas? It means employment for 234,820 workers with a payroll of $322,045,900. This was determined by the Cotton Economics Research Program at the University of Texas. The following chart will show you how this is divided.

Group	Employment	Payroll
Cotton farms	[1] 160,400	$116,130,000
Cotton gins	[2] 19,000	20,000,000
Cottonseed oil mills	[1] 2,400	10,400,000
Compresses and warehouses	[1] 16,100	34,623,000
Merchants-shippers	[1] 1,400	7,114,000
Textile mills	[3] 4,600	15,526,000
Aerial applicators	[1] 450	1,550,500
Agricultural chemicals	[3] 230	1,240,000
Apparel industry	[3] 23,000	80,300,000
Banking industry	[3] 930	4,577,000
Farm machinery equipment manufacturers	[3] 530	$2,314,000
Gin and associated machinery manufacturers	[3] 2,430	10,670,000
Mattress and bedspring manufacturers	[3] 2,250	8,309,000
Transportation and longshoremen	[3] 1,100	9,292,400
Additional parties	[4]	[4]
Total	[1] 234,820	322,045,900

[1] Regular and seasonal workers.
[2] Seasonal workers.
[3] Regular workers.
[4] Not available.

Mr. YARBOROUGH. Mr. President, as we have heard in the able statement of the junior Senator from Georgia, cotton is in trouble; and when the leading crop in the Nation's entire agricultural economy is in trouble, the Nation is in trouble.

Statistics of the Department of Agriculture show that from 1930 through 1965, cotton's share of the total U.S. fiber market dropped from 85 percent to 53 percent. The manmade fiber share in this market increased from 3.9 percent to 42.5 percent. I ask unanimous consent to have printed at this point in the RECORD a table from the Senate hearings, showing mill consumption of fibers.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Mill consumption of fibers: Total and per capita, 1930–65

Year beginning Jan 1	Population, July 1 [1]	Cotton [2]			Wool [3]			Rayon and acetate [4]			Noncellulosic manmade fibers [5]			Manmade fiber waste [6]			Flax [7] and silk [8]			All fibers	
		Total	Percentage of fibers	Per capita	Total	Percentage of fibers	Per capita	Total	Percentage of fibers	Per capita	Total	Percentage of fibers	Per capita	Total	Percentage of fibers	Per capita	Total	Percentage of fibers	Per capita	Total [9]	Per capita [10]
	Mil.	*Mil. lb.*	*Pct.*	*Lb.*	*Mil. lb.*	*Pct.*	*Lb.*	*Mil. lb.*	*Pct.*	*Lb.*	*Mil. lb.*	*Pct.*	*Lb.*	*Mil. lb.*	*Pct.*	*Lb.*	*Mil. lb.*	*Pct.*	*Lb.*	*Mil. lb.*	*Lb.*
1930	123.1	2,616.6	84.5	21.3	263.2	8.5	2.1	119.3	3.9	1.0							96.2	3.1	0.8	3,095.3	25.1
1940	132.1	3,959.1	80.4	30.0	407.9	8.3	3.1	482.1	9.8	3.6	4.3	0.1	(11)	12.3	0.2	9.1	59.7	1.2	.5	4,925.3	37.3
1941	133.4	5,192.1	80.0	38.9	648.0	10.0	4.9	591.9	9.1	4.4	11.6	.2	0.1	14.0	.2	.1	35.3	.5	.3	6,492.8	48.7
1942	134.9	5,633.1	81.4	41.8	603.6	8.7	4.5	620.8	9.0	4.6	23.1	.3	.2	15.0	.2	.1	23.2	.4	.2	6,918.8	51.3
1943	136.7	5,270.6	79.5	38.6	636.2	9.6	4.7	656.1	9.9	4.8	35.3	.5	.3	21.4	.3	.2	13.6	.2	.1	6,633.2	48.5
1944	138.4	4,790.4	77.3	34.6	622.8	10.0	4.5	704.8	11.4	5.1	45.8	.7	.3	21.9	.4	.2	9.5	.2	.1	6,195.2	44.8
1945	139.9	4,515.8	75.1	32.3	645.1	10.7	4.6	769.9	12.8	5.5	49.8	.8	.4	25.4	.4	.2	8.4	.2	.1	6,014.4	43.0
1946	141.4	4,809.1	73.7	34.0	737.5	11.3	5.2	875.5	13.4	6.2	53.2	.8	.4	25.6	.4	.2	26.1	.4	.2	6,527.0	46.2
1947	144.1	4,665.6	72.5	32.4	698.2	10.8	4.9	987.9	15.4	6.9	51.4	.8	.4	18.6	.3	.1	12.0	.2	.1	6,433.7	44.6
1948	146.6	4,463.5	69.7	30.4	693.1	10.8	4.7	1,149.4	17.9	7.8	71.7	1.1	.5	18.6	.3	.1	12.9	.2	.1	6,409.2	43.7
1949	149.2	3,839.1	70.4	25.7	500.4	9.2	3.4	993.5	18.2	6.7	92.8	1.7	.6	15.6	.3	.1	10.1	.2	.1	5,451.5	36.5
1950	151.7	4,682.7	68.3	30.9	634.8	9.3	4.2	1,350.0	19.7	8.9	140.5	2.0	.9	28.0	.4	.2	21.4	.3	.1	6,857.5	45.2
1951	154.3	4,868.6	71.1	31.6	484.2	7.1	3.1	1,274.6	18.6	8.3	195.5	2.8	1.3	8.4	.1	.1	18.3	.3	.1	6,849.6	44.4
1952	157.0	4,470.9	69.4	28.5	466.4	7.2	3.0	1,214.7	18.8	7.7	249.0	3.9	1.6	26.4	.4	.2	19.3	.3	.1	6,446.6	41.1
1953	159.6	4,456.1	68.7	27.9	494.0	7.6	3.1	1,222.5	18.9	7.7	279.3	4.3	1.8	21.8	.3	.1	15.4	.2	.1	6,489.1	40.7
1954	162.4	4,127.3	68.4	25.4	384.1	6.4	2.4	1,154.7	19.1	7.1	328.6	5.4	2.0	25.0	.4	.2	15.5	.3	.1	6,035.2	37.2
1955	165.3	4,382.4	65.2	26.5	413.8	6.2	2.5	1,419.2	21.1	8.6	432.2	6.4	2.6	51.1	.8	.3	19.0	.3	.1	6,717.7	40.6
1956	168.2	4,362.6	66.6	25.9	440.8	6.7	2.6	1,200.9	18.3	7.1	484.0	7.4	2.9	42.4	.7	.3	20.6	.3	.1	6,551.2	38.9
1957	171.3	4,060.4	65.1	23.7	368.8	5.9	2.2	1,177.1	18.9	6.9	567.5	9.1	3.3	48.0	.8	.3	15.5	.2	.1	6,237.3	36.4
1958	174.1	3,866.9	64.8	22.2	331.1	5.5	1.9	1,127.3	18.9	6.5	575.3	9.6	3.3	61.7	1.0	.4	9.4	.2	.1	5,971.6	34.3
1959	177.1	4,334.5	63.3	24.5	435.3	6.4	2.5	1,252.5	18.3	7.1	741.4	10.8	4.2	70.9	1.0	.4	11.8	.2	.1	6,846.4	38.7
1960	180.7	4,190.9	64.6	23.2	411.0	6.3	2.3	1,055.4	16.3	5.8	761.7	11.7	4.2	60.8	.9	.3	11.6	.2	.1	6,491.5	35.9
1961	183.8	4,081.5	62.1	22.2	412.1	6.3	2.2	1,128.0	17.2	6.1	861.7	13.1	4.7	71.3	1.1	.4	12.7	.2	.1	6,567.3	35.7
1962	186.7	4,188.0	59.4	22.4	429.1	6.1	2.3	1,263.6	17.9	6.8	1,076.2	15.3	5.8	79.5	1.1	.4	12.4	.2	.1	7,048.8	37.8
1963	189.4	4,040.2	55.7	21.3	411.7	5.7	2.2	1,440.3	19.9	7.6	1,257.7	17.3	6.6	90.1	1.2	.5	13.1	.2	.1	7,253.1	38.3
1964 [12]	192.1	4,244.4	54.5	22.1	356.7	4.6	1.9	1,516.5	19.5	7.9	1,554.8	19.9	8.1	103.2	1.3	.5	14.2	.2	.1	7,789.8	40.6
1965 [12]	194.6	4,476.3	52.7	23.0	386.9	4.5	2.0	1,550.7	18.2	8.0	1,955.8	23.0	10.1	118.0	1.4	.6	13.3	.2	.1	8,501.0	43.7

[1] Bureau of the Census. Population continental United States as of July 1, including Armed Forces overseas.
[2] Mill consumption as reported by the Bureau of the Census. For American cotton, tare as reported by the Crop Reporting Board has been deducted; for foreign cotton, 3 percent (15 pounds) was deducted (20 pounds beginning Aug. 1, 1958). Since 1950, data have been adjusted to year ended Dec. 31.
[3] Includes apparel and carpet wool on a scoured basis. Data from wool consumption reports of the Bureau of the Census.
[4] Textile Organon, publication of the Textile Economics Bureau, Inc. Includes filament and staple fibers. Data are U.S. producers' domestic shipments, plus imports for consumption.
[5] Textile Organon: Nylon, orlon, glass fiber, etc. U.S. production less exports plus imports for consumption.
[6] Producers' manmade fiber waste consumed by mills (excludes glass).
[7] Flax: Imports and estimated production. Bureau of the Census and Plant Industry through 1948. 1949–52 production was estimated by the Agricultural Marketing Service, Portland, Oreg., office. Imports only since the 1953 season.
[8] Silk: Bureau of the Census. Net imports through 1933. Since 1934, imports for consumption.
[9] Totals made from unrounded data.
[10] Total consumption divided by population and not a summation of per capita consumption of fibers.
[11] Less than 0.05 pound.
[12] Preliminary.

Source: USDA, Cotton Situation, April 1966.

Mr. YARBOROUGH. In 1964 and again in 1965, Congress took steps to help cotton meet the competition from manmade fibers. The cotton programs of those 2 years established a one-price system for cotton. Formerly the domestic price had been above the world market price. These laws reduced the price of cotton to domestic mills to world price levels, and made up the difference in income to the farmer with a direct payment.

However, that does not end our problem. The one-price cotton program may have made cotton more competitive with rayon and acetates, but it does not seem to have made any impact upon cotton's ability to hold its own in competition with the noncellulosic fibers.

After the passage of the 1964 Cotton Act, rayon's share of the market fell slightly; but this was more than made up by an even greater increase in the growing share of the noncellulosic fibers.

These fibers frequently sell for two or three times more than cotton, and cotton outlasts them. It is due to lack of research, development, and promotion that cotton fails to get its fair share of the market. So we see that the advantage of these other type fibers is on some basis other than price. We find the answer when we look at research and promotion of the manmade fibers.

In contrast to the hundreds of thousands of cotton producers, production of manmade fibers is concentrated in a few firms. Statistics compiled by the Department of Agriculture show that eight large firms account for 90 percent of their total output. This concentration enables them to undertake vast research and promotion campaigns. They spent about $135 million in 1965 on research and development and another $70 million for sales promotion. This $205 million is about seven times what was spent on the development and promotion of cotton last year. These huge promotional expenditures have been an important factor in the success of manmade fibers over cotton.

Mr. President, as has been explained by the distinguished Senator from Georgia, if this program is voted in, and any individual grower does not wish to pay that dollar, he can get his dollar back.

The Cotton Board is to be appointed entirely from producers, not processors. This is to be on the producers, the people producing the cotton. There has been some criticism that this bill let the processors out of paying money.

We all know, however, that if the processor paid a dollar a bale, that would come back on the producer and on the consumer.

Above all, Mr. President, this bill has widespread support in the cotton industry. I ask unanimous consent to have printed in the RECORD at this point a list of organizations endorsing this bill, both national organizations and regional organizations in the Southeastern States, the Midsouth, the Southwest, and the Far West.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

COTTON RESEARCH AND PROMOTION ACT—ORGANIZATIONS ENDORSING H.R. 12322

NATIONAL

National Grange.
National Farmers Union.
American Cotton Producers Associates.

SOUTHEAST

North Carolina Grange.
Carolinas Cotton Growers Association.
Carolinas Ginners Association.
Carolinas Cotton Warehouse Association.
The Cotton Producers Association.
Georgia Farm Bureau.
Atlantic Cotton Association.
Alabama-Florida Ginners Association.

MIDSOUTH

Delta Council.
Staple Cotton Association.
Mississippi Cotton Warehouse Association.
Mid-South Cotton Growers Association.
Southern Cotton Shippers Association.
Agricultural Council of Arkansas.
Arkansas-Missouri Cotton Trade Association.
Valley Warehouse Association.

SOUTHWEST

Texas Federation of Cooperatives.
South Texas Cotton Improvement Association.
Rolling Plains Cotton Growers Association.
Plains Cotton Cooperative Association.
Growers Marketing Association.
Plain Co-op Oil Mill.
Central Texas Co-op Oil Mill.
Gulf Compress Association.
Texas Cotton Ginners Association.
Texas Co-op Ginners Association.
Texas Independent Ginners Association.
Texas Cotton Association.
Texas Cottonseed Crushers Association.
Oklahoma Cotton Co-op Association.
Oklahoma Ginners Association.

FAR WEST

Trans Pecos Cotton Association.
El Paso Valley Cotton Growers Association.
New Mexico's Pecos Valley Cotton Farmers Association.
SWIC.
New Mexico Ginners Association.
Arizona Cotton Growers Association.
Arizona Cotton Ginners Association.
Serape Cotton Oil Co.
Five-State Cotton Growers Association.
Western Cotton Growers Association.
Imperial Valley Cotton Growers Association.
Calcot.
Ranchers Cotton Oil Co.
California Grange.
California Agricultural Council of Growers.
Western Cotton Shippers.

Mr. YARBOROUGH. Mr. President, it has been said that the growers are opposed to this bill. When the bill was first introduced, some growers from my State did write in objection to it. However, after further study, they are writing in ever greater numbers in support of the bill. The trend has changed from opposition to support. Out of the great volume of letters we have received from the leading cotton-producing States of the Union, I wish to place in the RECORD, Mr. President, only a few of those letters and telegrams, to show how widespread the support of this legislation is among the dirt farmers, the cotton-producing farmers, the men who get out and till the soil.

Here is a telegram of April 24, addressed to me, from the Texas State Grange:

Request your support for H.R. 12322, cotton promotion bill.

It is signed by Frank Knight, master of the Texas State Grange.

A telegram of recent date from Refugio, Tex., on the south gulf coast:

Please use all support with your power for the passage of the cotton research and promotion bill.

That is signed by the president of the Refugio County Chapter, South Texas Cotton Improvement Association. That is a growers' organization, Mr. President.

A telegram of March 2, stating:

1,500 cotton producers at annual meeting of Texas Cooperative Ginners Association and Texas Federation of Cooperatives in Corpus Christi, March 1, voted unanimously Congress pass H.R. 12322 to permit cotton producers a referendum to assess themselves for funds to promote cotton consumption and research.

That telegram is signed by Bruno Schroeder, executive vice president.

A telegram of April 2, from the Texas Cottonseed Crushers' Association stating that by unanimous action, its board of directors endorsed this bill.

A paragraph reads:

The trouble facing cotton is primarily due to being out researched, out promoted, and out sold and often by inferior products. The passage of this bill will greatly help.

A telegram of March 20, from the board of directors of the Texas Independent Ginners Association, indicating unanimous support.

A letter of April 18, from the Texas Federation of Cooperatives, made up of the different cooperatives that grow cotton and produce it; some are marketing associations, some are purchasing associations that purchase farm supplies through their cooperatives. The letter states that 1,500 producers support the bill.

A letter from the Cochran County Farm Bureau. Mr. President, the Texas Farm Bureau, the State organization, opposed this bill, but some local chapters have written us that though they are members of the Farm Bureau, they do not agree with the State organization, and they are supporting this legislation. This is a typical one, from the Cochran County Farm Bureau, of Morton, Tex.:

The Directors of the Cochran County Farm Bureau unanimously adopted the Cotton Research and Promotional Act, H.R. 12322.

We believe this is a good bill because—

And this, Mr. President, I wish to stress, is a local county chapter which is going against the action of its State organization. Here is what they write:

It is voluntary in that any producer may receive a refund for the amount collected; that none of the funds collected may be used for political or lobbying purposes; that 100 per cent of the funds must be used for research and promotion of cotton; that the Cotton Board, appointed by the Secretary of Agriculture, must be selected from nominees selected by the various cotton groups in the belt; that this board shall determine where and how these funds shall be spent for research and promotion only; that this will give the cotton producers an opportunity to vote in a referendum to determine if they want to contribute $1 per bale for research and promotion of cotton; and 66⅔ per cent must vote for if the collections are made as prescribed by the Cotton Board; and that this bill shall give us an opportunity to do something for a "sick" industry instead of

looking to the federal government to do it for us.

This is a letter from the secretary of the Southwest Irrigating Cotton Growers, El Paso, Tex. These farmers grow cotton only by irrigation because they have less than 8 inches of rainfall a year. They endorse the bill.

Here is another from the South Texas Cotton Improvement Association, Inc. They write:

The South Texas Cotton Improvement Association representing over 5,000 cotton producers in the gulf coast, wishes to support vigorously the Cotton Research and Promotion Act.

These are farmers and growers. So it is not accurate that the producers themselves oppose this bill.

This bill has the most widespread, uniform, unanimous support for a cotton measure that I have seen in my 9 years in the Senate.

(At this point, Mr. BAYH assumed the the chair.)

Mr. HICKENLOOPER. I understand that complaint is made that this is a voluntary situation; that is, that the fellow who sells one bale of cotton, after the money is taken out, can go back home, to the justice of the peace, or to somebody else; a paper is made out, as well as sworn statements, and that he can mail them in and get a rebate. To me that is subterfuge.

We went through this situation in the meat business where they attempted to use the power of government of kitty every pound of meat sold on the part of the farmer and put it in a pot and say, "I can get this back." He goes home and then makes application to have it returned. There would not be 1 out of 25 people who would take the time to do that.

What is wrong with including a provision in this bill—and if it had such a provision I would vote for it; it would be a voluntary bill—that at the time, the seller of the cotton executes a separate document authorizing the purchaser of that cotton to take out $1 a bale and put it in the pot? That would be a completely voluntary operation.

But I notice in the meat business people who want to collect this pot. They can operate as we said. Among cotton people promoting this they say, "No; we do not want to do that. We want to take it out first, and if they want it back they will have to come and ask us to pay it back."

To me that is coercion that governments sometimes use to inflict hardship on the farmer. If they want it, why not let the producer pay for this and put in so much? Then, let us see whether the industry itself really wants to do this or whether somebody wants to get hold of many billions of dollars a year for various purposes that they could use as they see fit. I do not think this is voluntary.

Mr. YARBOROUGH. Mr. President, in answer to the Senator from Iowa [Mr. HICKENLOOPER], I wish to say that the law provides that it must be solely for research and development promotion. It cannot be used for political or lobbying purposes. The people appointed to the board by the Secretary of Agriculture must be producers. Every man on this board must be a producer and represent that interest.

Furthermore, if any State produces as much as 20,000 bales of cotton, it must have a member on the board. Those with less have pooled representation on the board. Of the marketing order bills that I have seen, this is the most democratic.

The distinguished Senator, being from a great wheat-growing State, will realize the great benefits that have gone to wheat farmers through the Great Plains Wheat Growers Association. That is done in a State-by-State association.

Mr. HICKENLOOPER. My State is not considered a wheat State.

Mr. YARBOROUGH. The Senator is correct. I know that it is chiefly corn.

The State joins in the levying of taxes on producers of wheat. This has been one of the greatest things proposed for wheat growers, and they have need for it. They have set up mobile concerns in Japan and showed the Japanese housewives how to cook with wheat, whereas they cooked with rice for many years.

Mr. HICKENLOOPER. Do you not have a Cotton Council in this country?

Mr. YARBOROUGH. The wheat levy is a tax, but a State-by-State tax.

What they plan to do with cotton is to advertise. The product is not advertised and competing fibers spend $205 million a year in research, development and promotion; $70 million of that is in advertising alone.

Mr. HICKENLOOPER. But they put that up themselves. The Government does not counsel them to do that and does not use the power of government to take that from the producer.

Mr. YARBOROUGH. No; but only eight of these companies produce most of the manmade fiber produced in the United States. They have huge advertising and research budgets.

Mr. HICKENLOOPER. How many are there that produce cotton?

Mr. YARBOROUGH. There are hundreds of thousands of cotton farmers.

Mr. HICKENLOOPER. I am talking about producers.

Mr. YARBOROUGH. I am representing the farmers here: The man who tills the soil, who runs the plow.

Mr. HICKENLOOPER. I have seen similar letters from other people. We see them all the time.

Mr. YARBOROUGH. These people have been debating cotton over the years. Many of them were against this type of program for years and they have come to the conclusion—I am advised from my mail and from conversations—that they have changed their mind and say now that this is the only way to save the industry. The farmers want it themselves. I have never seen such unanimity of opinion among the farm element in my life.

Mr. HICKENLOOPER. Are they voluntarily contributing today $1 a bale, these people who want this much?

Mr. YARBOROUGH. They want an effective law with a board appointed by the Secretary of Agriculture upon the nomination of cotton-producer organizations to see that their money is spent for this purpose and this purpose only. They can have a Federal auditor, and if there are diversions, there can be indictments.

That is why they are saying to Congress, "Let us have a referendum and vote ourselves on the burden of paying this."

That referendum must be either two-thirds of the cotton farmers or a majority of the farmers producing two-thirds of the cotton. Either way there is at least a majority of all farmers. It takes two-thirds of the little farmers. I predict that in this referendum there will be one of the most overwhelming votes ever recorded.

Mr. HICKENLOOPER. That is what they said about the wheat referendum 2 or 3 years ago and it did not turn out that way.

Mr. YARBOROUGH. Give the cotton farmers a chance. These farmers are not intimidated. It was said that the wheat farmers were afraid to vote, and they were not. These farmers are not afraid to vote. This has nothing to do with acreage or how much they can produce. This is on the question of whether to pay $1 a bale for promotion and development. If they do not want it they will vote it down, although I predict it will be overwhelmingly approved.

Mr. HICKENLOOPER. This is further power of the Government forcing every cotton farmer to pay $1 a bale, whether he wants to or not.

Mr. YARBOROUGH. Not unless the farmers vote for it in a referendum.

Mr. HICKENLOOPER. It is voting in the bureaucratic group with millions of dollars to spend, is it not?

Mr. YARBOROUGH. No. And if he does not like what the majority voted, he can still get his money back.

Mr. HICKENLOOPER. That is the gimmick.

Mr. YARBOROUGH. It is no gimmick.

The Senator was talking about meat. Meat is marketed from month to month. However, in this area only one crop of cotton is grown each year. I know because I grew up in a cotton-growing family.

When that bale of cotton comes in, every dollar is checked. We must remember that this happens only once a year. A man might get tired of existing on marketing—say he had calves or steers—every month, but it is only once a year that this cotton money comes in. They watch those dollars. If they do not like the research and promotion program, they file a claim and get their money back. There are safeguards built into it, safeguards to prevent this money being used for lobbying purposes, for instance. It cannot be used to come back to Washington and lobby in Congress to change some part of the bill.

I remember being on the Commerce Committee in my second year of service in the Senate, and a bill was before it to require the labeling of manufactured cotton products. We had such a law for many years on wool products. It came down to a tie vote in the Commerce Committee. The distinguished former Sen-

ator from Ohio, Mr. Bricker, held the key as to whether the bill would become law or not.

Many people thought that Senator Bricker would vote "nay," that he would not be for the bill. The Senator remembers him, of course, and remembers him well. He was a handsome, well-built man, with a rather prominent chest, and he liked to smoke cigarettes.

Mr. HICKENLOOPER. But how did he vote?

Mr. YARBOROUGH. During the course of the committee hearings, Senator Bricker would smoke and the ashes would drop on his shirt. He told us that when he went home, his wife used to talk to him about the condition of his shirts because of cigarette ashes dropping on them, and on some shirts a yellow streak would be left. He told us how his wife had told him to keep the ashes off his shirts, and how he was having to buy new shirts; then he noticed that if he wore a shirt made of 100-percent cotton there was never any yellow streak. There was a yellow streak only if the shirt had some synthetic fiber in it.

There is a difference in the fiber. Cotton fiber is better for a shirt. It will resist cigarette ashes. Senator Bricker from Ohio broke the tie on the bill by voting "yea," thus casting the deciding vote in the Commerce Committee; and that is how we got the bill on the books. The Senator learned during his lifetime what cotton would do.

Thus, what the cotton farmers would like to do is get the situation right and tell the country what cotton products really do and what they can stand.

Mr. HICKENLOOPER. Let me say to the Senator from Texas that I served with Senator Bricker for many years, and also on committees with him, and I never knew that he ever smoked cigarettes in his life. He did smoke cigars, but so far as I know, he never did smoke a cigarette. Thus, it must have been cigar ashes that fell on his shirts at that time—so long as we are going into ancient history.

Mr. YARBOROUGH. Maybe he changed, but I know he was smoking cigarettes on that committee.

Mr. HICKENLOOPER. Will the Senator from Texas yield?

Mr. YARBOROUGH. I am glad to yield to the Senator for questions but not for making intermittent speeches. I believe that each Senator should be able to yield the floor for a reasonable time for questions. I am glad to yield to the Senator from Iowa.

I plead with him—if he grew cotton in his State, he would be with us, he would be a cosponsor with us on this bill. I plead with him, please not to vote against the bill. I know that the Senator has no prejudices on State lines. I know that we send cattle up there. They fatten them in Iowa, and get much higher prices in the Kansas City market.

We have great respect for Iowa products, and for their capacity to produce huge acres of corn and great quantities of pork in the State of Iowa. Our farmers in Texas are not so fortunate as to have that vast production per acre. They are having a harder struggle in raising cotton. Please help us in the cotton problem in our State.

Mr. HICKENLOOPER. If the Senator from Texas will yield?

Mr. YARBOROUGH. I am glad to yield to the Senator for a question only.

Mr. HICKENLOOPER. Does not the Senator know that we raise meat in our State, as well as corn and hogs, and that I was just as much against the compulsion of Government to compel our farmers to be "kittied" on every pound of meat that they sold, as I am against the cotton bill. So that I am consistent. The Senator has cotton. We have meat. The Senator has meat in his State as well, which they sell there. I am not inconsistent at all.

Mr. YARBOROUGH. Let me say to the distinguished Senator that we buy more bacon from Iowa than any other State of the Union. It is good bacon. I believe it sells sometimes up to 95 cents a pound. We use lots of bacon in Texas. It is rather hard to keep buying bacon. We want to keep buying it. We like this Iowa bacon.

However, on cotton, we need to develop and advertise our product. We need that self-help.

I appreciate the Senator's consistency in this matter but I say that the cotton industry is in desperate condition. These people have met and discussed this question. It is not something which has just jumped up. I attended a convention in Dallas last summer, and this subject was being discussed then, more than a year ago. I have received letters since then, saying that the matter has been discussed for nearly a year, that they are for it strongly.

They say that this is the only thing that can pull them out. The cotton growers have graduated in agriculture from land-grant colleges such as Texas A. & M. They have graduated in agricultural economics. They are people who have given their lives to the study of agricultural economics. This is not guesswork. These are knowledgeable people, trained in marketing. The Senator from Iowa represents a great agricultural State. He knows how well educated our agricultural leaders are at the present time through the great agricultural land-grant colleges.

Mr. LAUSCHE. Mr. President, will the Senator from Texas yield for a question?

Mr. YARBOROUGH. I yield.

Mr. LAUSCHE. Do we have in the statutes of the United States at the present time any law of a similar character dealing with other farmers or foods?

Mr. YARBOROUGH. I am informed that there are 33 other marketing orders; but for an exact statement on that point, I would rather yield to the distinguished Senator from Georgia [Mr. TALMADGE], the floor manager of the bill.

Mr. TALMADGE. The Agricultural Marketing Agreement Act of 1937 authorizes marketing orders for every commodity except certain specifically excluded commodities. Research and development can be provided for by any order under that act other than a milk order.

There are now orders under that act relating to citrus fruits and other commodities that provide for research and development. Section 708 of the National Wool Act of 1954 authorizes a similar program for wool and a program is being carried out for wool under that act. These programs are doing essentially the same thing for the commodities covered by them that the bill before the Senate seeks to do for cotton; that is, to provide funds for research and development purposes. Of the 46 marketing orders now in effect for fruits, vegetables, and nuts, 32 provide for research and development.

Mr. LAUSCHE. Can the Senator from Georgia state what levies are made upon citrus producers?

Mr. TALMADGE. The distinguished Senator from Florida could probably answer that question better than I could, inasmuch as I believe he has authored legislation relating to that field. I am not aware of the amount. I know how much is provided by this bill for cotton—$1 a bale.

Mr. LAUSCHE. As I recall, there is a law that provides that each citrus grower shall pay a certain levy to the Federal Government for the purpose of having it do research work in the growing and marketing of citrus fruits. Is that the situation?

Mr. HOLLAND. Mr. President, will the Senator from Georgia yield?

Mr. TALMADGE. I yield.

Mr. HOLLAND. Mr. President, there are nine marketing orders applicable to citrus fruits under the Marketing Agreement Act. Separate orders cover grapefruit in Arizona and California; lemons in Arizona and California; limes in Florida; oranges and grapefruit in Texas; navel oranges in Arizona and California; and Valencia oranges in Arizona and California. All of those orders provide for marketing research and development. There are also separate orders, which do not provide for research and development, for grapefruit in the Indian River area of Florida; grapefruit in the interior of Florida; and oranges, grapefruit, tangerines, and tangelos in Florida. The assessments under these orders range from one-half mill a box to 3 cents a carton. A carton is about half a box. These assessments are collected from handlers, but the handlers are able to pass this cost on to the grower by deducting it from the price paid. These assessments cover all the costs of administering the orders under which they are collected. Under some of the orders no part of the assessment is used for marketing research and development. Under the rest only a minor part of the assessment is used for that purpose.

In Florida, in addition, the State imposes a State tax on a per box basis. Out of that fund, sales development, sales promotion, advertising, and activities of that kind are furnished. Also a small amount is spent for transportation research and for research in utilization. That is all handled by the State.

Mr. LAUSCHE. Is there no Federal law with respect to citrus fruit?

Mr. HOLLAND. There is a Federal law with respect to citrus fruit. The nine

orders I mentioned were issued under the Agricultural Marketing Agreement Act of 1937, which the Senator from Georgia referred to, and several of these apply in Florida. As I recall, one of the oldest marketing agreements now in force is one with respect to Florida citrus fruit. But that order does not cover advertising, sales promotion, dealer services, and all the other objectives which I have mentioned and which are paid for out of the State tax. That tax is, of course, expended by the State agency. There is no refunding provision at all in the Florida act, which the Senator from Georgia [Mr. TALMADGE] has been kind enough to say I authored and sponsored.

Mr. TALMADGE. Mr. President, will the Senator yield for a further response?

Mr. LAUSCHE. May I make a further remark on that point?

Mr. TALMADGE. Surely.

Mr. LAUSCHE. In Ohio, the apple growers persuaded the legislature to pass a law imposing a per bushel tax upon the grower, the money to be used in the promotion and sale of apples. The general run of farmers, however, opposed that action, and I opposed it.

There is no Federal law applying to citrus fruits in a similar manner as proposed by this bill. Am I correct in that?

Mr. HOLLAND. The Senator is correct, in that the Federal marketing order law covers details of marketing, how much fruit shall be released, standards, and many other provisions in addition to marketing research and promotion. The Department of Agriculture has construed the Federal law, because of its history, as not being intended to provide for marketing research and promotion without other regulatory provisions. The Federal law does not apply to apples produced in Ohio.

Mr. LAUSCHE. Is there any Federal law imposing a levy, applicable to fibers or foods, as embodied in the bill before us?

Mr. HOLLAND. If the Senator will yield, there is a Federal law applicable to wool quite similar to the one proposed here, except it has no refundable features, as I recall. In every other respect, it is similar.

Wool, of course, is a deficit crop. The other crops which we have been talking about are surplus crops. So there is a considerable difference. I want to make clear there is a precedent in wool, but that it is no precedent for the refund provision of the bill.

If I am incorrect in that statement, perhaps the Senator from Georgia [Mr. TALMADGE] will correct me.

Mr. YARBOROUGH. Mr. President, since I have the floor, and I want to reply to the Senator from Ohio before I yield to the floor manager of the bill for such comments as he may wish to make, I wish to read from page 83 of the hearings on the Cotton Research and Promotion Act. Let me read just three sentences from page 83 of the hearings:

> This precedent goes back to the Agricultural Marketing Agreement Act of 1937. Under this basic law, the procedures of thirty-three commodities—ranging from avocados to Washington sweet cherries—have approved research or promotion programs in referendums.
>
> Thirty-three commodities. Furthermore, he continued:
>
> Under the Wool Act of 1954, sheep producers have approved an assessment for lamb and wool promotion.

I point out that my State is the leading producer of wool as well as of cotton.

Mr. LAUSCHE. From whose testimony was the Senator reading?

Mr. YARBOROUGH. Mr. Cortright's testimony, of the National Cotton Council.

Mr. LAUSCHE. How does the Senator reconcile that with what the Senator from Flordia [Mr. HOLLAND] said about the marketing program as a control of the release of a particular fiber?

Mr. YARBOROUGH. The Senator from Florida [Mr. HOLLAND] was speaking of only citrus fruits.

Mr. LAUSCHE. The Senator from Texas has described this as a voluntary program. The Senator from Iowa [Mr. HICKENLOOPER] challenged labeling this as a voluntary program. If it is a voluntary program, why is the law needed?

Mr. YARBOROUGH. The Cotton Council tried a program. The reason it did not work——

Mr. LAUSCHE. Then it is not voluntary.

Mr. YARBOROUGH. Yes, it is.

Mr. LAUSCHE. The Senator said it did not work.

Mr. YARBOROUGH. I was in the middle of a sentence. The Senator did not permit me to complete my thought. When this program was tried by the Cotton Council some gins stated to the cotton producers, "Bring in your cotton. We will gin your cotton for $1 less." Other gins, in order to meet the competition, had to follow suit. This attempt to reduce the price at the gin by not participating in the program, hampered the effectiveness of the program. As a result of the competition on the part of the gins, the program was crippled.

The present proposal is a voluntary program in that either two-thirds of the producers must approve it or a majority of producers producing two-thirds of the cotton must approve. But even if a farmer voted for it, he could come back and get his money. So it is a voluntary program. No one has to contribute. Any farmer can get his money back.

Mr. LAUSCHE. If it is voluntary, why is the law needed?

Mr. YARBOROUGH. The law is needed——

Mr. LAUSCHE. To compel.

Mr. YARBOROUGH. The law is needed in order to have assurance that they money will not be used for lobbying; that it will be put to the sole use of research and promotion of the cotton; that the money will not be diverted; that it will be producer controlled.

Nobody can be appointed to serve on the Board by the Secretary of Agriculture unless he is a producer. So it cannot be used for the use of the gins.

This is a bill designed to help the producers. The program will be producer controlled. It will be regulated in their behalf.

I am not against the mills. Every time a textile mill is shut down and is moved to Hong Kong, it means unemployment, and I am against that. It was for that reason that I voted for the bill to help them. I now want to see us save the whole cotton industry.

This is a voluntary program, but it has safeguards. We need a law to have safeguards to see that the money will stay in the hands of the producers, that it will be used fairly. It will provide that the Federal Government will see to it that the money will stay in the right channels.

Mr. LAUSCHE. I cannot accept the statement of the Senator from Texas that this is a voluntary program. His own argument destroys the conclusion which he has reached. The Senator from Texas has said that they tried to work it out on a voluntary basis but they encountered obstacles and, in effect, that is why they are here in Congress asking for adoption of the proposed law. The law will make mandatory payments of $1 per bale with the right to demand the payment. Is that right?

Mr. YARBOROUGH. The law cannot do anything until the cotton farmers vote that they want the program. So it is voluntary, because it can be imposed only by vote of the cotton farmers. And if a farmer disagrees with the results of the vote, he can get his money back. He doesn't have to abide by the results of the vote.

Mr. LAUSCHE. I am afraid the Senator and I cannot reach a termination of discussion on that point. If the Senator will yield further——

Mr. YARBOROUGH. I yield.

Mr. LAUSCHE. If it is a voluntary program, I humbly submit that a law is not needed. If it is voluntary, it can be done without the coercive operation of a law passed by the U.S. Government.

The argument of the Senator from Texas that there must be a special law to prevent the diversion of moneys, to prevent them from being used for lobbying, is not sound. There is no need for such a law. The conversion of money is a crime. Embezzlement of money is a crime. Using money for purposes not authorized by the constitution of an organization would be a diversion conversion of money. No law is needed to protect the use of the money in the manner prescribed by the voluntary program.

Mr. YARBOROUGH. The distinguished Senator from Ohio has not asked a question. He has made an argument, and the argument is not sound. The competition in segments of the cotton industry other than the producers is what crippled the earlier program. Other people offered competitive cuts to keep the earlier program from working.

This is a cotton producer's bill before us now. Everybody that the Secretary appoints under the bill must be a cotton producer. The bill prevents the middleman from coming in and wrecking a voluntary producers' program. This is a voluntary cotton producers' program. The program contains safeguards to keep certain processors from coming in and offering rewards to keep the producer from participating. It is a producer-controlled bill; it is a producer bill. The Senator is engaging in a game of semantics.

Mr. LAUSCHE. I am grateful to the Senator from Texas for yielding to me, but we are repeating what has been said.

Mr. YARBOROUGH. I thank the distinguished Senator from Ohio. We served together for years on the Committee on Commerce, and I enjoyed that service. The Senator from Ohio was one of the ablest members of that committee.

Mr. President, I ask unanimous consent that the letters that I have received from many segments of the cotton production industry be printed in the RECORD at the conclusion of my remarks and that the names of the people signing them be printed at each place. Sometimes there are pages of signatures of cotton farmers pleading for this legislation.

I shall read briefly from a letter of Roy B. Davis of Lubbock, Tex. Two million bales a year were raised on the high plains of Texas, mainly by irrigation and with mechanization. Roy Davis says:

As you know, Senator, we are in deep trouble with cotton. Our income on cotton this year on the South Plains will be reduced another $50 million to $60 million. We have already taken a $37.5 million reduction.

So since the 1963 crops, the '66 crop of 2 million bales will bring the growers some odd $80 million less than it would in 1963.

In 3 years production is down $80 million just in that segment of the State.

I have letter after letter like this. In my 9 years in the Senate, I have never before had such a response from the grassroots farmers.

I have another letter from the rolling plains cottongrowers. These are the dryland cottongrowers. They do not have irrigation. That might be called the area of thin-bale production. They are lucky to get a quarter of a bale per acre. I quote from the letter:

I myself am a cotton farmer and believe the bill has tremendous possibilities. We are at a point in cotton production where we must do something to hold our markets and possibly expand them. If we cannot find new uses for cotton, we must learn to accept regulated production.

For the people who want the Government out of something, this is an opportunity to help by giving the cotton industry an opportunity to make itself self-sustaining, so that less regulated production per acre will be required. Only if the bill is passed by Congress will the farmer have an opportunity to decide for himself whether or not he desires to support the bill.

I have a letter from Aubrey, in the eastern part of the State. This is an area of the one-family farmer, the small-farm area—entirely different from the irrigated area—often at loggerheads with the West on cotton. The farmer says:

At a recent meeting of cotton producers and processors held in Greenville, Texas, the group unanimously endorsed the Research and Promotion Act now pending in the Senate.

From Danevang, on the gulf coast, in a county that adjoins the gulf coast, I have a letter from a large list of cottongrowers who are spread over the whole gulf coast area.

I have a letter in connection with a meeting in the small cities in the growing area. This is a letter from the Rio Grande Valley. I have letters from every section of the State of Texas, from every segment of the cotton producers, from areas often in conflict with each other—all of whom are now united as to the necessity of the pending legislation.

This is just a sampling of the vast volume of mail I have received. I ask unanimous consent that all these letters, together with the names of those who signed them, be printed at this point in the RECORD.

There being no objection, the letters and signatures were ordered to be printed in the RECORD, as follows:

SAN ANTONIO, TEX.,
April 24, 1966.

Senator RALPH YARBOROUGH,
Senate Office Building,
Washington, D.C.:

Texas State Grange request your support for H.R. 12322 cotton promotion bill.

FRANK KNIGHT,
Master Texas State Grange.

REFUGIO, TEX.,
May 3, 1966.

Senator RALPH W. YARBOROUGH,
Senate Office Building,
Washington, D.C.:

Please use all support within your power for passage of cotton research and promotion bill H.R. 12322.

J. F. MICHIN,
President Refugio County Chapter, South Texas Cotton Improvement Association.

CORPUS CHRISTI, TEX.,
March 2, 1966.

Senator RALPH YARBOROUGH,
Senate Office Building,
Washington, D.C.:

1,500 cotton producers at annual meeting of Texas Cooperative Ginners Association and Texas Federation of Cooperatives in Corpus Christi March 1 voted unanimously Congress pass HR 12322 to permit cotton producers a referendum to assess themselves for funds to promote cotton consumption and research.

BRUNO SCHROEDER,
Executive Vice President.

DALLAS, TEX.,
April 7, 1966.

Hon. RALPH YARBOROUGH,
U.S. Senator,
Washington, D.C.:

By official action of our board of directors, we urge you to support H.R. 12322. Cotton farmers should be given this opportunity to pool funds themselves for the purpose of promoting their products.

The trouble facing cotton is primarily due to being out researched, out promoted, and out sold and often by inferior products. The passage of this bill will greatly help.

JACK WHETSTONE,
Executive Vice President, Texas Cottonseed Crusher's Association.

LUBBOCK, TEX.,
March 20, 1966.

Hon. RALPH W. YARBOROUGH,
Senate Office Building,
Washington, D.C.:

The board of directors of the Texas Independent Ginners Association passed the following resolution during their fourth annual meeting:

"The Texas Independent Ginners Association recognizes that cotton must have a much stronger program of research and promotion if it is to successfully compete with other fibers, and therefore we endorse the cotton research and promotion act now before the Congress as a practical means of enabling growers to make for themselves the decision of research and promotion assessments, and for the establishment of a uniform collection procedure."

DONALD G. SMITH,
Executive Vice President.

AUBREY, TEX.,
June 1, 1966.

Hon. RALPH YARBOROUGH,
U.S. Senator,
Senate Office Building,
Washington, D.C.

DEAR MR. YARBOROUGH: At a recent meeting of cotton producers and processors held in Greenville, Texas, the group unanimously endorsed the Research and Promotion Act now pending in the Senate.

This group likewise instructed me to notify you of their positive action, and we are urging your leadership and assistance in the speedy passage of this important piece of legislation.

Yours very truly,

EMORY KNAPP,
Chairman.

TEXAS FEDERATION OF COOPERATIVES,
April 18, 1966.

Senator RALPH YARBOROUGH,
Senate Office Building,
Washington, D.C.

DEAR SENATOR YARBOROUGH: During the annual membership meeting of the Texas Federation of Cooperatives and Texas Cooperative Ginners Association last month, 1500 cotton producers from all the cotton producing areas of Texas discussed at length HR 12322, the Cotton Research and Promotion Bill, and then voted unanimously to ask the Congress to pass the Bill.

I believe members of farmer cooperatives are better informed on cotton production and consumption problems than any group, and their vote is a good indication of the extent to which Texas cotton producers desire the opportunity to vote on whether they want a uniform assessment procedure for cotton research and promotion activities. The Bill does not force any producer to contribute if he does not desire to do so.

It is my understanding the manager of a Corpus Christi based cotton cooperative informed you that members of cooperatives were divided on support of this Bill. If he is personally opposed to the Bill, I can assure you he is in a minute minority.

I sincerely urge you to support this House passed Bill, and if there is additional information you desire, please contact me.

Sincerely yours,

BRUNO E. SCHROEDER.

Cc.: Mr. C. C. Adler, President, Texas Federation of Cooperatives.

COCHRAN COUNTY FARM BUREAU,
Morton, Tex.

Senator RALPH YARBOROUGH,
Senate Office Building,
Washington, D.C.

DEAR SENATOR YARBOROUGH: The Directors of the Cochran County Farm Bureau unanimously adopted the Cotton Research and Promotional Act, H.R. 12322.

We believe that this is a good Bill because: It is voluntary in that any producer may receive a refund for the amount collected; That none of the funds collected may be used for political or lobbying purposes; That 100 percent of the funds must be used for research and promotion of cotton; That the Cotton Board, appointed by the Secretary of Agriculture must be selected from nominees selected by the various cotton groups in the belt; That this Board shall determine where and how these funds shall be spent for research and promotion ONLY; That this will give the cotton producers an opportunity to vote in a referendum to determine if they want to contribute $1 per bale for research

and promotion of cotton, and 66⅔ must vote for if the collections are made as prescribed by the Cotton Board and that this Bill shall give us an opportunity to do something for a "Sick" industry instead of looking to the Federal Government to do it for us.

We will appreciate your careful consideration of this Bill, and your vote for it.

Respectfully submitted.

W. J. Wood, *President.*
Roy Hickman,
Chairman, Legislative Committee, Cochran County Farm Bureau.

Swig Cotton,
El Paso, Tex., April 27, 1966.

Subject: Cotton Research and Promotion Act (H.R. 12322)

Hon. Ralph W. Yarborough,
U.S. Senate,
Washington, D.C.

Dear Senator Yarborough: Our Board of Directors passed unanimously resolution endorsing this bill in its present form. Prompt passage of this legislation is needed in order that it can be made effective for the 1966 cotton crop.

Our Association includes in its membership outstanding producers in the western edge of Texas, including Pecos, Van Horn, Dell City and the Rio Grande Valley from El Paso to Ft. Hancock.

We earnestly request your support of this legislation.

Yours very truly,

Edward Breihan,
Secretary.

South Texas Cotton Improvement Association, Inc.,
Victoria, Tex., March 14, 1966.

Senator Ralph W. Yarborough,
Senate Office Building,
Washington, D.C.

Dear Senator Yarborough: The Senate Agriculture and Forestry Committee now has under consideration a cotton research and promotion enabling act recently passed by the House.

The South Texas Cotton Improvement Association, representing over 5,000 cotton producers in the gulf coast, wishes to support vigorously the Cotton Research and Promotion Act.

We would hope that you not only vote in favor of the Act, but also help us secure other favorable votes.

This national program based on uniform collection of one dollar per bale from producers is an absolute must. It must mean the very life or death of a vital industry.

Some advocate the collection of funds from other segments of our cotton industry. They state this will help the producer carry the burden of research and promotion. Certainly anyone that understands the cotton industry and how it functions could easily realize that any funds collected from processors would only be a further tax on the producer. The processor would simply add on the required amount to the producer's charges and the producer would only end up paying the additional amount anyway.

We urge you to do all possible to seek passage of the Cotton Research and Promotion Act.

Very truly yours,

Robert W. Heard.

Plains Cooperative Oil Mill,
Lubbock, Tex., March 16, 1966.

Hon. Ralph Yarborough,
U.S. Senator,
Washington, D.C.

Dear Senator Yarborough: I understand that a subcommittee of the Agriculture and Forestry Committee of the U.S. Senate will soon be considering a recently passed House Bill that will provide for the uniform payment of $1 per bale to do research and promotion on cotton.

Our association believes in the passage of this bill. It simply provides for a referendum wherein if growers, two-thirds of them, or two-thirds of the cotton volume favors the collection, it will be made.

As you know, Senator, we are in deep trouble with cotton. Our income on cotton this year on the South Plains will be reduced another $50 million to $60 million. We have already taken a $37½ million reduction; so since the 1963 crop, the '66 crop of two million bales will bring the growers some odd $80 million less than it would in 1963.

Now this has all been done because of our oversupply of cotton. We are simply growing more than we sell; but we people who grow cotton believe we are just not selling enough. We must either increase our sales materially both here and abroad, or we are going out of the cotton business, and there is no other industry that will take the place of cotton. I do hope that you will interest yourself in this bill and give it support at every place possible.

Yours truly,

Roy B. Davis,
General Manager.

Rolling Plains Cotton Growers, Inc.,
Stamford, Tex., March 17, 1966.

Hon. Ralph Yarborough,
Senate Chamber,
Congress of the United States,
Washington, D.C.

Dear Sir: My purpose in writing you is to lend my support to the Cotton Research and Promotion Bill (HR 12322). Although I am now executive vice-president of the Rolling Plains Cotton Growers, Inc., this letter does not necessarily present the views of the organization.

We are a young organization but a rapidly growing one. We are not sufficiently organized at this time to speak as a group so, for this reason, I speak only for myself.

I myself am a cotton farmer and believe the bill has tremendous possibilities. We are at a point in cotton production where we must do something to hold our markets and possibly expand them. If we cannot find new uses for cotton, we must learn to accept regulated production.

The bill as written and amended warrants your support. Only if the bill is passed by Congress will the farmer have a chance to decide for himself if he wants to support the bill or not. I think the farmers should be given the opportunity to decide for themselves through referendum if they wish to support cotton research and promotion by this means.

There is no alternative plan being offered at this time so I personally see no reason for this bill being defeated in Congress. We must promote and sell cotton if we are to raise it. If there is a better way, let's support it but, if there is no other way, let's let the farmer himself decide on this HR Bill 12322.

Sincerely,

Charles W. Stenholm.

Danevang, Tex.,
June 6, 1966.

Hon. Ralph Yarborough,
U.S. Senate Office Building,
Washington, D.C.

Dear Senator Yarborough: A meeting of leading cotton producers from the upper Gulf Coast was held at El Campo, Texas, last Thursday to review the cotton situation as it relates to the Cotton Research and Promotion bill now pending in the senate.

After thorough discussion of past experience and a future program of cotton research and promotion, the producers are willing to support a motion to request the U.S. senate to support H.R. 12322 carried by unanimous support.

I am attaching a list of names of all present at this meeting, who instructed me to inform you of their wishes, that you support this legislation so that cotton producers will have an opportunity to decide by vote this most important issue.

Yours truly,

H. D. Madsen,
Chairman, Gulf Coast Steering Committee.

Cotton Industry Leaders Attending Gulf Coast Area Founders Meeting, El Campo, Tex., May 26, 1966

B. B. Young, East Bernard, Texas.
R. A. Hanson, Ganado, Texas.
Alfred Wind, Danevang, Texas.
H. J. Jensen, El Campo, Texas.
Willie Bender, Louise, Texas.
Hy Miller, El Campo, Texas.
Jerry Hlavaty, Hillje, Texas.
Frank Arnold, Jr., El Campo, Texas.
John Herser, Thorndale, Texas.
Roy A. Pierce, El Campo, Texas.
Joe Humphreys, El Campo, Texas.
Joe Humphreys, Jr., El Campo, Texas.
E. L. Payne, El Campo, Texas.
Marcus Salas, El Campo, Texas.
Willie E. Supak, El Campo, Texas.
A. R. Pausewany, El Campo, Texas.
Bobbie E. Curtis, Danevang, Texas.
W. G. Schmidt, El Campo, Texas.
Emil J. Bacak, El Campo, Texas.
Billy Michaelson, El Campo, Texas.
Robert W. Heard, Victoria, Texas.
Jerry Strnadel, Jr., Louise, Texas.
R. T. Mechura, Lane City, Texas.
Ath Carville, El Campo, Texas.
Gunnar Thyssen, Danevang, Texas.
George Roesner, Houston, Texas.
Ed Sellers, San Antonio, Texas.
R. S. Hermansen, El Campo, Texas.
Ina Harton, El Campo, Texas.
H. D. Madsen, Danevang, Texas.
A. J. Richter, El Campo, Texas.
Henry Thielman, Rosenberg, Texas.
W. H. Penkert, Rosenberg, Texas.
W. A. Donaldson, Wharton, Texas.
R. A. Matzke, Wharton, Texas.
Ed Lehnert, Louise, Texas.
Hans J. Nelsen, Danevang, Texas.
Adolph Raska, Needville, Texas.
Ben Dedek, Richmond, Texas.
E. J. Kaluza, Richmond, Texas.
Johnnie Berger, Needville, Texas.
Elton Kramer, Needville, Texas.
Johnny Schneider, El Campo, Texas.
Murray Tarkington, Victoria, Texas.
F. S. Tarkington, Victoria, Texas.
Loyd Engel, Beasley, Texas.
Herman Engel, Beasley, Texas.
Ken O'Rear, El Campo, Texas.
Edwin Korenek, El Campo, Texas.
Frank Krenek, Bay City, Texas.
Wilbur Krenek, Rosenberg, Texas.
Ralph Petersen, Danevang, Texas.
C. W. Boles, Edna, Texas.
Allen Bacak, El Campo, Texas.
Henry Kubena, East Bernard, Texas.
Robert Spvilik, East Bernard, Texas.
P. H. Longwood, El Campo, Texas.
Roy W. Lofton, Blessing, Texas.
Joe Zalman, El Campo, Texas.
D. A. Barton, El Campo, Texas.
W. S. Harton, El Campo, Texas.
C. K. Zalman, El Campo, Texas.
George Bohlen, Taylor, Texas.
W. A. Ladewig, El Campo, Texas.
Emil Petter, Hungerford, Texas.
B. D. Krag, Danevang, Texas.
Pete Fucik, El Campo, Texas.
Louis Lopanec, El Campo, Texas.
Walter Hughes, El Campo, Texas.
Alvin Kettler, Needville, Texas.
Henry Kana, El Campo, Texas.
R. K. Phillips, Sugarland, Texas.
Jerry Strnadel, Sr., Louise, Texas.
Leonard Wittig, Wharton, Texas.
Lawrence Petersen, Danevang, Texas.
W. B. Barrett, Richmond, Texas.
Henry Nielsen, El Campo, Texas.
Henry Roberts, El Campo, Texas.
W. C. Michaelson, El Campo, Texas.
S. L. Kucherka, Eagle Lake, Texas.
Lucian Kainer, El Campo, Texas.

Henry Smith, Wharton, Texas.
Harold M. Grar, Wharton, Texas.
A. J. Wendel, El Campo, Texas.
Peter Weishuhn, El Campo, Texas.
Jerome Holub, El Campo, Texas.
Louis Bacak, Jr., El Campo, Texas.
Herschel Hunt, El Campo, Texas.
W. F. Kainer, El Campo, Texas.
J. F. Strnadel, Louise, Texas.
Ed Strnadel, El Campo, Texas.

CITY OF BISHOP,
Bishop, Tex., May 25, 1966.

Hon. RALPH YARBOROUGH,
Senate Office Building,
Washington, D.C.

DEAR SENATOR YARBOROUGH: At a meeting today of cotton leaders held in Corpus Christi, Texas at the Driscol hotel a resolution was passed by unanimous vote in favor of H.R. 12322, the cotton promotion and research bill.

They instructed us as co-chairmen of the meeting to inform you of their action with the request that you do everything possible in support of the bill.

A list of those present is attached to this letter. This also is furnished to you at their request. A substantial part of the cotton produced in the Coastal Bend area of Texas is represented by these growers.

Any support you can give to early passage of this legislation will be greatly appreciated. We feel that growers should have the right to decide this issue in referendum. From many statements that you have made in the past we know this to be in line with principles that you believe in.

Thanks in advance for your support in this matter.

Very truly yours,

J. H. WEST,
Chairman, Bishop, Tex.
M. E. DECHERD,
Vice Chairman, Taft, Tex.

Attachment.

COTTON INDUSTRY LEADERS WHO ENDORSED H.R. 12322 AT MEETING IN CORPUS CHRISTI, TEX., MAY 25, 1966

J. M. Price, Corpus Christi.
Harold Teel, Robstown.
G. W. Rauch, Robstown.
Alton Hutchinson, Robstown.
Raymond Gatzki, Taft.
Conrad Dorne, Woodsboro.
Frank Stubbs, Corpus Christi.
Charles J. Hartmrn, Corpus Christi.
Q. M. Priday, Jr., Engleside.
P. W. Grevelle, Corpus Christi.
W. O. Outlaw, Victoria.
C. P. Rosson, Jr., Taft.
A. E. Teltschik, Taft.
W. D. Miller, Taft.
E. H. Kirkpatrick, Chapman Ranch.
Harry L. White, Chapman Ranch.
R. E. Nolan, Robstown.
M. E. Decherd, Taft.
W. W. Hart, Sinton.
T. I. Brown, Jr., Bishop.
J. F. Michna, Woodsboro.
U. E. Ray, Sinton.
Casper Gerdes, Jr., Sinton.
J. P. Kercheville, Corpus Christi.
Leon Eschberger, Alice.
Joe McNair, Banquete.
A. C. Pfeiffer, Corpus Christi.
Ben Abney, Woodsboro.
E. M. Beard, Taft.
H. C. Hunt, Gregory.
A. E. Eizner, Taft.
Jack Harlan, Bishop.
Wallace Redding, Bishop.
Giles L. Dodson, Corpus Christi.
J. J. Jackson, Chapman Ranch.
W. P. Cooper, Robstown.
H. H. Olson, Woodsboro.
F. E. Flynn, Corpus Christi.
Tim Donoghue, Corpus Christi.
Bill Sheka, Corpus Christi.
C. F. Spiekerman, Odem.
B. D. Moses, Odem.
Herman Jostes, Tynan.
Joe Laird, Crystal City.
W. N. Parr, Robstown.
Tom Reding, Taft.
James Knight, Mathis.
Eric Hartzendorf, Sinton.
B. J. Niemann, Woodsboro.
Leo A. Miller, Gregory.
G. B. Humphries, Robstown.
E. C. McDaniel, Odem.
Allen B. Cooper, Corpus Christi,
J. S. Rayl, Corpus Christi.
C. S. Brown, Mathis.
George Hoffman, Alice.
J. W. Albin, Taft.
Stanley Webb, Jr., Odem.
Eugene Turner, Odem.
John Brough, Edroy.
J. R. Adams, Edroy.
J. H. Schmalsttkg, Sinton.
Charlie Hankins, Robstown.
Herbert Heller, Victoria.
John A. True, Jr., Alice.
Frank A. Hartman, Jr., Woodsboro.
Frank Vesalka, Woodsboro.
H. McDonald, Taft.
Robert Prinz, Bishop.
Edwin Bertram, Bishop.
R. D. Moses, Robstown.
Billy Ray London, Corpus Christi.
B. W. Beckham, Jr., Corpus Christi.
Robert W. Heard, Victoria.
Lamar Feida, Corpus Christi.
J. W. Jaiufka, Robstown.

VALEE COMPRESS & WAREHOUSE CO.,
Raymondville, Tex., May 31, 1966.

Hon. RALPH YARBOROUGH,
Senate Office Building,
Washington, D.C.

MY DEAR SENATOR YARBOROUGH: We of the Cotton Industry need your YES vote on bill HR-12322, Cotton Research and Promotion Act.

We feel this would be good for the cotton growers, ginners, cotton seed crushers and warehousemen and others in the industry and should be made into law. Without something quick the cotton business is doomed.

Your vote for HR-12322 will be greatly appreciated.

With kindest personal regards, I am,

Yours very truly,

ROBERT HARRIS,
Vice President and General Manager.

SOUTH TEXAS COTTON
OIL DIVISION,
HUNT FOODS AND INDUSTRIES, INC.,
Harlingen, Tex., May 25, 1966.

Senator RALPH W. YARBOROUGH,
Senate Office Building,
Washington, D.C.

DEAR SIR: I am sure that you are aware of the serious situation that exists in the cotton industry at this time. I am also sure that you are aware of the important position cotton holds in the economy of the State of Texas.

I believe that HR 12322, the Cotton Research and Promotion Act, will provide a means by which the cotton producer can regain a large part of the markets that have been lost to foreign cotton and synthetic fibers during the last few years.

I trust that you will use all your influence both in the Agriculture Committee and on the Senate floor to see that this bill is passed at the earliest possible date.

Yours very truly,

E. L. KIRK, *Manager.*

SEBASTIAN COTTON & GRAIN CORP.,
Sebastian, Tex., May 25, 1966.

Hon. RALPH YARBOROUGH,
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR YARBOROUGH: A meeting of Lower Rio Grande Valley cotton leaders was held yesterday at the Echo Hotel in Edinburg to discuss the cotton situation as it relates to the Cotton Research and Promotion bill now pending in the Senate.

After very thorough discussion this group which represents a very large percent of our valley production voted, with only one dissenting vote, in favor of supporting HR 12322 and urging its speedy passage by the Senate so it may apply to this year's crop.

They instructed me as chairman of the meeting to inform you of their action and to request your all out assistance in securing rapid passage of this bill by the Senate. Those endorsing this legislation also asked that their names be attached to my letter.

Sincerely yours,

JACK FUNK.

Attachment.

COTTON INDUSTRY LEADERS WHO ENDORSED H.R. 12322 AT MEETING IN EDINBURG, TEX., MAY 24, 1966

John Abbott, Harlingen.
George Labar, Harlingen.
Elwood Kirk, Harlingen.
C. E. Marcum, Harlingen.
William T. Dudley, Elsa.
R. C. Vittitor, San Benito.
Larry Franks, Sebastian.
Jay Dudley, Mercedes.
D. W. McElwrath, Harlingen.
Redys McElwrath, Combes.
Leonard Littleton, McAllen.
Hector Guerra, Rio Grande City.
M. E. Wentz, Brownsville.
Dan Robinson, La Feria.
Jerry Teser, Donna.
C. T. Peters, Jr., Donna.
James P. Pealor, La Vila.
Howard Wright, Weslaco.
Roy Jansen, Weslaco.
Jesse A. Krueger, Edinburg.
Jesus Navarro, Mission.
Gerardo Alaniz, Mission.
Elisio Trevinio, Edinburg.
Manuel Mercado, Mission.
Welch Richardson, Brownsville.
Bill Fletcher, Sebastian.
Joe Davis, Edinburg.
Lewis Fry, Elsa.
Sven Vassberg, Lyford.
Paul Vassberg, Lyford.
Jesus M. Alvarado, Delmita.
Howard Kutzenberger, Harlingen.
Harry Foehner, Harlingen.
C. C. Alder, Harlingen.
Frank Gross, Pharr.
George Shimek, Santa Rosa.
Ken Martin, Harlingen.
L. M. Richardson, Corpus Christi.
Carl Pratt, Corpus Christi.
Harry Thompson, Mission.
Hubert Thompson, Mission.
Bill Joe Simpson, Rio Hondo.
Leo Reddell, San Perlita.
M. H. Heliman, San Perlita.
Charlie Hoot, San Perlita.
Eugene Stroebel, Donna.
Coniy Bell, Elsa.
Sam Taylor, Monte Alto.
Robert Harris, Raymondville.
J. A. Pennington, Raymondville.
Kenneth Scoggins, Harlingen.
Rex Steele, Harlingen.
John Wreden, Lyford.
C. W. Browning, Lyford.
Bruce Gilbert, Lyford.
W. D. Dillon, Mercedes.
Frank Barnett, San Benito.
Morris Jones, San Juan.
E. R. Russell, San Juan.
E. F. Nattinger, Edcouch.
O. M. Joyce, Progresso.
R. E. George, Mercedes.
C. C. Stokes, Edcouch.
E. C. Spicer, San Benito.
Jean Kirkland, Santa Rosa.
Fritz Beischner, Sebastian.
Bill Busch, Pharr.

EL PASO VALLEY COMPRESS CO.,
Fabens, Tex., May 21, 1966.

Hon. RALPH W. YARBOROUGH,
Senate Office Building,
Washington, D.C.

DEAR SENATOR YARBOROUGH: As, I am sure, you are well aware, the Senate will soon consider the Cotton Research and Promotion Bill (H.R. 12322). I earnestly solicit your support of this self-help bill for the American cotton industry. Cotton today faces a life and death struggle with synthetics. Increased research and promotion are the routes which will lead us to a more healthy and prosperous future. We must sell more and better cotton products if we expect to grow and process more raw cotton.

Passage of the Cotton Research and Promotion Act is a most important issue facing the cotton industry today. I sincerely hope that we can count on your full support of this bill when it comes before the Senate.

Yours truly,
ROBERT H. VICKERS,
Vice President and General Manager.

SOUTH TEXAS COOPERATIVE MARKETING ASSOCIATION,
Corpus Christi, Tex., May 3, 1966.

Senator RALPH YARBOROUGH,
Senate Office Building,
Washington, D.C.

DEAR MR. YARBOROUGH: With reference to our telephone conversation of May 2, 1966, we wish to confirm this conversation and how we now stand on H.R. 12322.

After a meeting of the Board of Directors of this Association on Saturday, April 30, 1966 and after the revisions made in this bill, this Association asks that you now disregard our previous letter concerning this bill and do all in your power to help the passage before the new cotton season starts around the first of July.

As we stated by telephone yesterday, the executives of the various State Farm Bureaus are still against the passage of this bill but for your information the local members are backing this bill 100 per cent—or the producer is going against the will of the executives. We cannot understand the Bureau's thinking on this matter since the revisions of the bill protect the producer in all respects.

Thank you for your help now and in the future, we remain

Very truly yours,
ALLEN B. COOPER,
General Manager.

ROBSTOWN, TEX.,
May 14, 1966.

Senator RALPH YARBOROUGH,
Senate Office Building,
Washington, D.C.

DEAR SENATOR YARBOROUGH: Our group of Young Farmers has been reading with considerable interest the progress of HR Bill 12322, the Cotton Research and Promotion Bill.

As Young Farmers vitally concerned with problems confronting the cotton industry, we are writing to say the bill has our wholehearted endorsement. We are asking that you exert all the influence of your office to publicize its importance to agriculture.

Since the bill has passed the House, we are hopeful that it will go all the way and receive approval of the Senate. We feel the matter deserves the help and sympathetic understanding of those in a position to advance its cause. We hope prompt passage by the Senate will give farmers a chance to vote on the issue.

Trusting you will give vigorous support to the passage of HR Bill 12322, we are

Sincerely yours,
MATHIS YOUNG FARMERS ASSOCIATION, MATHIS, TEX.,
JOHN LLOYD BLUNTZER,
President.

MERCEDES, TEX.,
May 11, 1966.

Senator RALPH YARBOROUGH,
Senate Office Building,
Washington, D.C.

DEAR SIR: As a cotton grower we urge you to support and vote for HR 12322 for the promotion and research of cotton fiber.

Cotton has a carryover of over 16½ million bales and we need to promote products of this industry to compete with man-made fiber.

We know that you often vote against the farmer's welfare, please give this careful consideration.

Sincerely,
Mr. and Mrs. H. E. VOGEL.

MORTON, TEX.,
April 29, 1966.

Senator RALPH YARBOROUGH,
Senate Office Building,
Washington, D.C.

DEAR SENATOR YARBOROUGH: The Cochran County Program Building Committee 31 farmer members met April 26th and after a thorough discussion of the Cotton Research and Promotion Act, H.R. 12322; passed a resolution supporting this bill unanimously.

We believe that this bill, if passed, will become one of the great "Milestones" in agriculture.

It will give the farmers their first opportunity to express themselves as to their interest in the promotion and research of a farm product on a national basis, and if the referendum passes it should improve their "Public Image" on a national basis, and start doing something for themselves instead of depending on the Federal Government.

We believe that the future of the cotton industry shall depend upon the passage of this Bill.

One of the large farm organizations is opposing this Bill, but their objections are not founded upon facts; the Bill is not compulsory, in that any producer may get a refund, and if you will study other objections they have and check them with the Bill—they have no basis.

We will appreciate your support of this important Bill.

Yours very truly,
GLENN W. THOMPSON,
Chairman.

Members of the Cochran County Program Building Committee:

E. C. Hall, Curtis Sealip; Truman Anglin, J. I. Thomas, Billy M. Weems, Ralph Burt, ——— ———.

ROLLING PLAINS COOPERATIVE COMPRESS,
Sweetwater, Tex., May 6, 1966.

Hon. RALPH YARBOROUGH,
U.S. Senate,
Washington, D.C.

DEAR MR. YARBOROUGH: At our monthly committee meeting May 5, 1966, on a motion by Jack Merket, Stamford, Texas, seconded by Ross Hargrove, Colorado City, Texas, it was voted that the Rolling Plains Cooperative Compress endorse the following resolution:

"That Cotton Producer's Institute be commended for its research and promotion programs. That we endorse the proposed plans of its Board of Trustees for the establishment of a uniform collection procedure so as to provide adequate financing to meet the cotton industry's requirements."

Sincerely,
GENE HOWARD,
Manager.

ROSSON GIN & ELEVATOR CO.,
Taft, Tex., May 3, 1966.

Senator RALPH YARBOROUGH,
Old Senate Building,
Washington, D.C.

DEAR SENATOR YARBOROUGH: I am writing regarding H.R. 12322, a Bill now before the Holland Subcommittee on Agriculture. This Bill as you know would enable cotton producers to vote in referendum as to whether they desire to assess themselves a dollar a bale for research and promotion.

I am convinced that swift passage of this legislation is absolutely essential for the cotton industry to have a chance to survive and prosper.

I respectfully request your vote and help in moving this Bill in its present form through the Senate.

Regards,
C. P. ROSSON, Jr.

SEBASTIAN COTTON & GRAIN CORP.,
Sebastian, Tex., April 20, 1966.

Hon. RALPH YARBOROUGH,
Senate Office Building,
Washington, D.C.

DEAR SENATOR YARBOROUGH: The last time I visited with you was in Dallas at our Ginners Convention just a little over a year ago. At that Time I discussed with you what we were trying to do for ourselves in the field of research and promotion.

Since then we have had introduced into Congress bill H.R. 12322 to enable us to have a uniform collection of these funds to carry out these projects that are underway to help us move our cotton into the trade channels.

I would certainly hope that you could and would support this bill. It is one that isn't costing the tax payer any money and could certainly lead to a saving in the Dep't. as far as cotton is concerned.

I wish to thank you again for the many things you have done for agriculture in Texas.

Yours respectfully,
JACK FUNK.

CEN-TEX COTTON OIL MILL,
Thorndale, Tex., April 27, 1966.

Hon. RALPH YARBOROUGH,
U.S. Senator,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: The board of directors of the Cen-Tex Cotton Oil Mill, Thorndale, Tex., in their regular quarterly board meeting held April 21, 1966, unanimously voted in support of the Cotton Research and Promotion Bill (H.R. 12322).

We would appreciate your doing everything possible to assure passage of this legislation.

Very truly yours,
JOHN F. HERZER,
Manager.

Mr. TALMADGE. Mr. President, I understand that the distinguished minority leader desires to be notified before third reading. While the attachés are notifying the distinguished minority leader, I wish to respond to the inquiry of the distinguished senior Senator from Ohio [Mr. LAUSCHE].

Section 8c(6)(I) of the Agricultural Adjustment Act, as reenacted by the Agricultural Marketing Agreement Act of 1937 provides as follows:

(6) In the case of the agricultural commodities and the products thereof, other than milk and its products, specified in subsection (2), orders issued pursuant to this section shall contain one or more of the following terms and conditions, and (except as provided in subsection (7)), no others:

* * * * *

(I) Establishing or providing for the establishment of marketing research and development projects designed to assist, improve, or promote the marketing, distribution and consumption of any such commodity or product, the expense of such products to be paid from funds collected pursuant to the marketing order: *Provided*, That with respect to orders applicable to cherries, carrots, citrus fruits, onions, Tokay grapes, fresh

pears, dates, plums, nectarines, celery, sweet corn, limes, olives, pecans, or avocados such projects may provide for any form of marketing promotion including paid advertising.

So, this type of provision is not new. It has been authorized for many years, and has been adopted for a number of products.

Mr. President, I send to the desk, and ask that it be inserted in the RECORD at this point, a list of marketing agreements and orders in effect for fruits, vegetables, and nuts. The list is 11 pages in length, and the orders cover approximately 30 commodities. It lists 46 orders. The 32 orders designated by asterisks provide for marketing research and development. There are also 75 milk marketing orders, but there is no authority for research and promotion provisions in milk orders. There is also a tobacco order, and it contains no provision for research and promotion.

There being no objection, the agreements and orders were ordered to be printed in the RECORD, as follows:

Marketing agreements and orders in effect for fruits, vegetables, and nuts, June 15, 1966

Commodity and area [1]	Marketing agreement		Marketing order	
	Number	Effective	Number	Effective
FRUIT BRANCH				
Citrus fruits:				
Grapefruit:[2] Arizona and California.	96	May 26, 1941	909	May 26, 1941.
Amendment		Dec. 15, 1949		Dec. 15, 1949.
Do		Sept. 15, 1958		Sept. 15, 1958.
Do		Nov. 13, 1962		Nov. 14, 1962.
Grapefruit, Indian River: Florida.	136	Jan. 8, 1962	912	Jan. 8, 1962.
Amendment		Jan. 1, 1963		Jan. 1, 1963.
Do		Dec. 19, 1963		Dec. 19, 1963.
Grapefruit, Interior: Florida	150	Dec. 20, 1965	913	Dec. 20, 1965.
Lemons:[2] California and Arizona.	94	Apr. 10, 1941	910	Apr. 10, 1941.
Amendment		Mar. 23, 1948		Mar. 23, 1948.
Do		Aug. 24, 1949		Aug. 24, 1949.
Do		June 12, 1951		June 12, 1951.
Do		Nov. 26, 1953		Nov. 26, 1953.
Do		Nov. 5, 1954		Nov. 5, 1954.
Do		Dec. 15, 1955		Dec. 15, 1955.
Do		June 22, 1956		June 22, 1956.
Do		Nov. 21, 1958 [3]		Nov. 21, 1958.[3]
Do		Aug. 15, 1962 [4]		Aug. 15, 1962.[4]
Limes: [2] Florida	126	June 15, 1955	911	June 15, 1955.
Amendment		April 13, 1957		April 13, 1957.
Do		Feb. 1, 1965		Feb. 1, 1965.
Oranges, grapefruit, tangerines, and tangelos: Florida.	84	Feb. 22, 1939	905	Feb. 22, 1939.
Amendment		Sept. 1, 1946		Sept. 1, 1946.
Do		Dec. 15, 1947		Dec. 15, 1947.
Do		Dec. 2, 1957		Dec. 2, 1957.
Do		Nov. 4, 1965		Nov. 4, 1965.
Oranges and grapefruit: [2] Texas	141	Sept. 22, 1960	906	Sept. 22, 1960.
Oranges, Navel: [2] Arizoua and California.	117	Sept. 22, 1953	907	Sept. 22, 1953.
Amendment		Aug. 1, 1954		Aug. 1, 1954.
Do		July 30, 1956		July 30, 1956.
Do		Nov. 1, 1962		Nov. 1, 1962.
Oranges, Valencia: [2] Arizona and California.	131	June 22, 1956	908	Mar. 31, 1954.[5]
Amendment				June 22, 1956.
Do		Oct. 15, 1962		Oct. 15, 1962.
Other fruits:				
Apricots: [2] Washington	132	May 21, 1957	922	May 21, 1957.
Amendment		July 3, 1962		July 3, 1962.
Avocados: [2] Florida	121	June 11, 1954	915	June 11, 1954.
Amendment		June 15, 1955		June 15, 1955.
Do		June 21, 1957		June 21, 1957.
Do		Feb. 1, 1965		Feb. 1, 1965.
Cheries: [2] Washington	134	June 1, 1957	923	June 1, 1957.
Cranberries: [2] Massachusetts, Rbode Island, Connecticut, New Jersey, Wisconsin, Miebigan, Oregon, Minnesota, Washington, Long Island, N.Y.	145	Aug. 15, 1962	929	Aug. 15, 1962.
Amendment		June 20, 1964		June 20, 1964.
Tokay grapes: [2] California	93	Aug. 20, 1940	926	Aug. 20, 1940.
Amendment		Aug. 24, 1941		Aug. 24, 1941.
Do		Mar. 1, 1949		Mar. 1, 1949.
Do		Aug. 15, 1952		Aug. 15, 1952.
Do		Aug. 18, 1953		Aug. 18, 1953.
Do		Feb. 6, 1959		Feb. 6, 1959.
Nectarines: [6] California	124	June 25, 1958	916	June 25, 1958.
Amendment		June 10, 1966		June 10, 1966.
Olives: [2] California	148	October 2, 1965 / September 1, 1966.[7]	932	October 2, 1965. / September 1, 1966.[7]
Peaches: [2] Colorado	88	August 15, 1939	919	August 15, 1939.
Amendment		August 4, 1950		August 4, 1950.
Do		July 28, 1956		July 28, 1956.
Peaches: Georgia	99	April 27, 1942	918	April 27, 1942.
Amendment		June 27, 1950		June 27, 1950.
Do		May 26, 1953		May 26, 1953.
Do		May 13, 1954		May 13, 1954.
Peaches: Utah	91	July 24, 1940	920	July 24, 1940.
Peaches: [2] Washington	138	May 27, 1960	921	May 27, 1960.
Bartlett pears: [2] Wasbington-Oregon.	147	Jan. 1, 1966	931	Jan. 1, 1966.
Bartlett pears, plums, and Elberta peacbes: [2] California.	85	May 29, 1939	917	May 29, 1939.
Amendment		July 17, 1940		July 17, 1940.
Do		Feb. 15, 1949		Feb. 15, 1949.
Do		May 21, 1949		May 21, 1949.
Do		Dec. 23, 1965		Dec. 23, 1965.
Winter pears: [2] Oregon,	89	Aug. 26, 1939	927	Aug. 26, 1939.
Other fruits—Continued				
Winter pears—Con. Washington, and California.				Oct. 9, 1950.
Amendment		Oct. 9, 1950		Feb. 4, 1962.
Do		Feb. 5, 1962		July 21, 1960.
Fresh prunes: [2] Idaho-Oregon	140	July 21, 1960	925	July 7, 1960.
Fresh prunes: [2] Wasbington-Oregon.	139	July 7, 1960	924	
SPECIALTY CROPS BRANCH				
Fruits:				
Dates:[2] California	127	July 15, 1955 [8]	987	July 15, 1955.[8]
Amendment		Sept. 9, 1958		Sept. 9, 1958.
Do		July 19, 1962 / Aug. 1, 1962 [9]		July 19, 1962. / Aug. 1, 1962.[9]
Do		Aug. 1, 1964 [10]		Ang. 1, 1964.[10]
Dried prunes: [2] California	110	Aug. 25, 1949 [11]	993	Aug. 25, 1949.[11]
Amendment		Aug. 26, 1951		Aug. 26, 1951.
Do		Mar. 9, 1954		Mar. 9, 1954.
Do		Oct. 19, 1957		Oct. 19, 1957.
Do		Feb. 19, 1961 [12] / Aug. 1, 1961 [12]		Feb. 19, 1961.[12] / Aug. 1, 1961.[12]
Do		Aug. 6, 1965		Aug. 6, 1965.
Raisins:[2] California	109	Aug. 18, 1949	989	Aug. 18, 1949.
Amendment		Sept. 1, 1955		Sept. 1, 1955.
Do		Oct. 25, 1956		Oct. 25, 1956.
Do		Dec. 14, 1960		Dec. 14, 1960.
Do		July 11, 1964 [13]		July 11, 1964.[13]
Nuts:				
Almonds: California	119	Aug. 4, 1950	981	Aug. 4, 1950.
Amendment		July 1, 1957		July 1, 1957.
Do		Oct. 26, 1957		Oct. 26, 1957.
Filberts: Oregon and Washington.	115	Oct. 1, 1949	982	Oct. 1, 1949.
Amendment		Mar. 3, 1954		Mar. 3, 1954.
Do		Aug. 1, 1959		Aug. 1, 1959.
Peanuts: 16 States, Virginia to California.	146	July 12, 1965		
Walnuts:[2] California, Oregon, and Washington.	105	Aug. 1, 1948	984	Aug. 1, 1948.
Amendment		July 10, 1954		July 10, 1954.
Do		July 28, 1955		July 28, 1955.
Do		Oct. 4, 1957		Oct. 4, 1957.
Do		Sept. 13, 1962		Sept. 13, 1962
VEGETABLE BRANCH				
Potatoes:				
Colorado [2]	97	Aug. 30, 1941	948	Aug. 30, 1941.
Amendment		Aug. 1, 1960		Aug. 1, 1960.
Idaho-Oregon	98	Jan. 19, 1950	945	Sept. 5, 1941.[5]
Amendment				Jan. 19, 1950.
Do		Sept. 1, 1958		Sept. 1, 1958.
Maine	122	Aug. 30, 1954	950	Aug. 30, 1954.
Amendment		July 24, 1962		July 24, 1962.
Massachusetts, Rhode Island, Connecticut, New Hampshire, and Vermont.			951	Nov. 12, 1950.[5]
Oregon and California [2]	114	Nov. 7, 1949	947	Jan. 26, 1942.[5]
Amendment				Nov. 7, 1949.
Do		Sept. 21, 1955		Sept. 21, 1955.
Eastern Soutb Dakota	103	May 15, 1948	952	May 15, 1948.
Southeastern States	104	May 24, 1948	953	May 24, 1948.
Washington	113	Sept. 28, 1949	946	Sept. 28, 1949.
Other vegetables:				
Carrots: [2] Texas	142	Oct. 5, 1960	970	Oct. 5, 1960.
Amendment		Aug. 23, 1963 [14]		Aug. 23, 1963.[14]
Celery: Florida	149	Nov. 15, 1965	967	Nov. 15, 1965.
Lettuec: [2] Texas	144	Dec. 1, 1960	971	Dec. 1, 1960.
Onions: [2] Idaho-Oregon	130	Feb. 4, 1957	958	Feb. 4, 1957.
Onions: [2] Texas	143	Feb. 6, 1961	959	Feb. 6, 1961.
Amendment		Mar. 12, 1962		Mar. 12, 1962.
Peas and cauliflower: Colorado.	67	Aug. 9, 1936	972	Aug. 9, 1936.
Amendment		Apr. 13, 1942		Apr. 13, 1942.
Do		May 26, 1954		May 26, 1954.
Tomatoes: [2] Florida	125	Oct. 8, 1955	966	Oct. 8, 1955.
Tomatoes: [2] Texas			965	Apr. 2, 1959.[5]

Footnote continued on following page.

[1] Areas are given by States only. For specific area covered, see marketing agreement or marketing order.
[2] These marketing orders have marketing research and development authorization.
[3] Provisions relating to changes in the method of computing the prorate bases and allotments of handlers became effective Nov. 30, 1958, in districts 1 and 3, and Jan. 18, 1959, in district 2.
[4] Provisions relating to changes in composition of the Administrative Committee became effective Nov. 1, 1962.
[5] Date given for marketing order only, as no marketing agreement was issued at that time. The marketing order was issued pursuant to the authority contained in the Agricultural Marketing Agreement Act of 1937, as amended, authorizing such orders without an accompanying marketing agreement.
[6] The nectarine marketing order has paid advertising authority included with marketing research and development authority.
[7] The effective date for secs. 932.51, 932.52, and 932.53 covering the regulation of olives becomes effective Sept. 1, 1966.
[8] Provisions relating to minimum standards of quality, additional grade regulation, volume regulation, inspection requirements, and collection of assessments became effective Sept. 1, 1955.
[9] The provision authorizing credit for excess disposition of product dates became effective July 19, 1962. The remaining provisions became effective Aug. 1, 1962.
[10] The effective date for the revision of sec. 987.9, permitting dates to be removed to storage in specified areas outside the area of production, is July 18, 1964.
[11] Provisions relating to grade regulation and inspection requirements became effective Sept. 1, 1949.
[12] Provisions pertaining to marketing policy considerations and administrative matters of the Prune Administrative Committee became effective Feb. 19, 1961. The remaining provisions became effective Aug. 1, 1961.
[13] The effective date for the revision of sec. 989.80, requiring the payment of assessments by reconditioners, is Sept. 1, 1964.
[14] Terminated July 31, 1966.

Mr. SALTONSTALL. Mr. President, I support the cotton research and promotion bill pending before us today because I believe this program will provide an important stimulus for our whole cotton industry.

We in New England are very much concerned about cotton because we are the manufacturers of the final product. Last year Congress reduced the price of cotton to domestic mills to world price levels. This gave our domestic industry a fair chance to compete pricewise both with foreign imports and with the synthetic fabrics. But this alone will not resolve the problem of the continuing decline of cotton's share in the total U.S. fiber market. We need new and imaginative uses for cotton to sustain our whole industry, which goes from the cotton farmers to the manufacturers. I think one need only look at the figures in the Agriculture Committee's report to see the problem facing cotton as a competitive product: from 1930 to 1960 the cotton share of our fiber market dropped from about 85 percent to 65 percent. By 1965 it had dropped further to about 53 percent. Although the use of cotton by the mills has been increasing in the past few years, still its total share of the fiber market declines.

Other fiber industries have concentrated a great deal of effort and money on research and promotion of their product. It is time for cotton seriously to turn attention to these two vital aspects of industry effort in today's competitive market. Rather than "let the Federal Government do it," which we hear so often these days, this bill would provide the people most concerned with their own product the opportunity to set up and run a program which would directly benefit their industry. It is not, however, a compulsory Federal program. Those farmers who do not agree do not need to participate.

I believe this bill will offer another opportunity to our cotton industry to get back on its feet and maintain a healthy, competitive position in the increasing fiber consumption market.

Mr. TOWER. Mr. President, I have long pointed out the need for a program to promote increased use and consumption of cotton. Cotton producers have been faced during the past several years with growing competition from other natural and manmade fibers, and it has become obvious that special attention must be paid to this important industry.

The fact is that use of cotton in the United States, compared to the total percentage of fibers used, has declined over the years and continues to decline. While passage of the cotton laws of 1964 and 1965 has apparently relieved the pressures on producers, there still is a very great need for an organized assault on the basic problem of shrinkage of the total cotton market.

Related to the problem of increasing cotton consumption through promotion, is the problem of making cotton more salable through an increase in research. It has become obvious that the problem requires particular care and a united assault in order to realize complete success. This bill provides for a unified assault on the problem.

This bill is not a perfect solution, but it does constitute a step in the right direction. I intend to vote for this bill, and I urge my colleagues to support it.

Mr. TALMADGE. Mr. President, pending the arrival of the distinguished minority leader, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BAYH in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 95 Leg.]

Aiken	Hickenlooper	Nelson
Allott	Hill	Pearson
Anderson	Holland	Pell
Bayh	Hruska	Proxmire
Bible	Inouye	Randolph
Boggs	Jackson	Ribicoff
Brewster	Javits	Robertson
Burdick	Jordan, N.C.	Russell, Ga.
Byrd, W. Va.	Lausche	Saltonstall
Cannon	Long, Mo.	Scott
Clark	Long, La.	Simpson
Cooper	Magnuson	Smith
Curtis	McCarthy	Stennis
Dirksen	McClellan	Symington
Douglas	McGee	Talmadge
Eastland	McGovern	Thurmond
Ellender	McIntyre	Tower
Fulbright	Miller	Williams, N.J.
Gore	Monroney	Williams, Del.
Griffin	Morse	Yarborough
Gruening	Morton	Young, N. Dak.
Harris	Mundt	Young, Ohio
Hart	Murphy	
Hartke	Muskie	

Mr. LONG of Louisiana. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Tennessee [Mr. BASS], the Senator from Idaho [Mr. CHURCH], the Senator from Arizona [Mr. HAYDEN], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Montana [Mr. MANSFIELD], the Senator from New Mexico [Mr. MONTOYA], the Senator from Utah [Mr. MOSS], the Senator from Rhode Island [Mr. PASTORE], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Maryland [Mr. TYDINGS] are absent on official business.

I also announce that the Senator from North Carolina [Mr. ERVIN] is absent because of a death in the family.

I further announce that the Senator from Virginia [Mr. BYRD], the Senator from Connecticut [Mr. DODD], the Senator from New York [Mr. KENNEDY], the Senator from Montana [Mr. METCALF], the Senator from Minnesota [Mr. MONDALE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from South Carolina [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

Mr. DIRKSEN. I announce that the Senator from Utah [Mr. BENNETT], the Senator from Kansas [Mr. CARLSON] and the Senator from Colorado [Mr. DOMINICK] are absent on official business.

The Senator from New Jersey [Mr. CASE], the Senator from New Hampshire [Mr. COTTON], the Senator from Arizona [Mr. FANNIN], the Senator from Hawaii [Mr. FONG], the Senator from California [Mr. KUCHEL], and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

The Senator from Idaho [Mr. JORDAN] is absent on official committee business.

The PRESIDING OFFICER. A quorum is present.

Mr. TALMADGE. Mr. President, if there are no further amendments to be proposed, I ask for the third reading of the bill.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. TALMADGE. Mr. President, I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAYH (when his name was called). On this vote I have a live pair with the Senator from Minnesota [Mr. MONDALE]. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. LONG of Louisiana. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Tennessee [Mr. BASS], the Senator from Idaho [Mr. CHURCH], the Senator from Arizona [Mr. HAYDEN], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Montana [Mr. MANSFIELD], the Senator from New Mexico [Mr. MONTOYA], the Senator from Utah [Mr. MOSS], the Senator from Rhode Island [Mr. PASTORE], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Maryland

[Mr. TYDINGS] are absent on official business.

I also announce that the Senator from North Carolina [Mr. ERVIN], is absent because of a death in the family.

I further announce that the Senator from Virginia [Mr. BYRD], the Senator from Connecticut [Mr. DODD], the Senator from New York [Mr. KENNEDY], the Senator from Montana [Mr. METCALF], the Senator from Minnesota [Mr. MONDALE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from South Carolina [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

I further announce that, if present and voting, the Senator from Tennessee [Mr. BASS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York [Mr. KENNEDY], the Senator from New Mexico [Mr. MONTOYA], the Senator from Utah [Mr. MOSS], the Senator from Rhode Island [Mr. PASTORE], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Maryland [Mr. TYDINGS] would each vote "yea."

On this vote, the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from North Carolina would vote "yea" and the Senator from Utah would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Utah [Mr. BENNETT], the Senator from Kansas [Mr. CARLSON], and the Senator from Calorado [Mr. DOMINICK] are absent on official business.

The Senator from New Jersey [Mr. CASE], the Senator from New Hampshire [Mr. COTTON], the Senator from Arizona [Mr. FANNIN], the Senator from Hawaii [Mr. FONG], the Senator from California [Mr. KUCHEL], and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

The Senator from Idaho [Mr. JORDAN] is absent on official committee business.

On this vote, the Senator from Utah [Mr. BENNETT] is paired with the Senator from North Carolina [Mr. ERVIN]. If present and voting, the Senator from Utah would vote "nay" and the Senator from North Carolina would vote "yea."

On this vote, the Senator from Kansas [Mr. CARLSON] is paired with the Senator from Idaho [Mr. JORDAN]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from Idaho would vote "nay."

On this vote, the Senator from California [Mr. KUCHEL] is paired with the the Senator from Colorado [Mr. DOMINICK]. If present and voting, the Senator from California would vote "yea" and the Senator from Colorado would vote "nay."

The result was announced—yeas 49, nays 20, as follows:

[No. 96 Leg.]

YEAS—49

Aiken	Hart	McClellan
Bible	Hartke	McGee
Brewster	Hill	McGovern
Burdick	Inouye	McIntyre
Byrd, W. Va.	Jackson	Monroney
Cannon	Javits	Morse
Clark	Jordan, N.C.	Mundt
Ellender	Long, Mo.	Murphy
Fulbright	Long, La.	Muskie
Gruening	Magnuson	Nelson
Harris	McCarthy	Pell
Proxmire	Simpson	Williams, N.J.
Randolph	Smith	Yarborough
Ribicoff	Symington	Young, N. Dak.
Russell, Ga.	Talmadge	Young, Ohio
Saltonstall	Thurmond	
Scott	Tower	

NAYS—20

Allott	Eastland	Miller
Anderson	Gore	Morton
Boggs	Griffin	Pearson
Cooper	Hickenlooper	Robertson
Curtis	Holland	Stennis
Dirksen	Hruska	Williams, Del.
Douglas	Lausche	

NOT VOTING—31

Bartlett	Ervin	Montoya
Bass	Fannin	Moss
Bayh	Fong	Neuberger
Bennett	Hayden	Pastore
Byrd, Va.	Jordan, Idaho	Prouty
Carlson	Kennedy, Mass.	Russell, S.C.
Case	Kennedy, N.Y.	Smathers
Church	Kuchel	Sparkman
Cotton	Mansfield	Tydings
Dodd	Metcalf	
Dominick	Mondale	

So the bill (H.R. 12322) was passed.

Mr. TALMADGE. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. LONG of Louisiana. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to ask the acting distinguished majority leader about the program for the remainder of the day, and also for tomorrow.

Mr. LONG of Louisiana. Mr. President, it is not contemplated by the leadership that we will call up any more legislation today. There has been reported to the Senate today the debt ceiling bill, and that will be called up as the pending business tomorrow; at such time as we dispose of that bill, there is then the Pribiloff Islands bill which we would hope to dispose of in short order. After they are disposed of we would hope that we would adjourn until Monday. We would also hope that it would not take too long to dispose of those measures.

There is a significant amendment to the debt ceiling bill to be offered by the Senator from Delaware [Mr. WILLIAMS], which of course will be debated and voted on.

Mr. DIRKSEN. I understand that there are three or four rather lengthy speeches for the remainder of the day.

Mr. LONG of Louisiana. There are three Senators who do wish to make speeches and, of course, as I understand it, these are rather important speeches which these Senators want to deliver.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. WILLIAMS of Delaware. For the information of the Senate, I want to say that when the debt limit bill is being considered, I will offer an amendment which I am sure will be "noncontroversial" since it will carry out the President's recommendation providing for a tax incentive for political contributions of $100 or less. Surely there will not be any objection to that; after all I am only supporting the President. I thought the membership should know that this worthwhile amendment will be offered.

Mr. LONG of Louisiana. Mr. President, I respect the rights of the Senator from Delaware. I have the highest admiration for him. However, I expect to oppose the amendment. It is my judgment that the Senate Committee on Finance should hold hearings on this subject as well as all matters relevant to it, because this is a very significant matter.

Let me say to the Senator from Delaware that if he has some idea that his amendment is "noncontroversial," I suggest that by the time we get through holding hearings the matter will become very controversial, unless the 17 members of that committee agree to it. Of course I certainly respect the Senator's right to offer his amendment and the Senate will vote upon it one way or another.

Mr. WILLIAMS of Delaware. In order that there may be no misunderstanding, a similar amendment was introduced earlier this year and hearings were held on it. This was before our Senate Finance Committee at the time we acted on the tax measure in March. At that time, upon request of the Secretary of the Treasury, I did not press the amendment until after the President made his recommendation, but notice was served that it would be offered at a later date.

There was testimony on this amendment before our committee on Monday when we were holding hearings on the debt limit. Furthermore, the Treasury Department endorsed the proposal. It has had committee consideration. Let us vote.

Mr. LONG of Louisiana. Of course, the Senator is certainly privileged to state his opinion. I would say that these opinions, like so many others, which Senators have, are not necessarily my opinions. It is my judgment that this is a very important measure which opens up a broad subject, and, in doing so, there should be hearings, study, and advice which every Senator can offer to us.

Let me say as chairman of the Committee on Finance, that as much as I favor my own substitute for what the Senator would offer, I respect the right of every other Senator to think about this matter and offer us his suggestions, because there is a tremendous amount of knowledge and expertise in this field that would undoubtedly be helpful in arriving at a proper solution to this difficult problem of financing political campaigns.

Mr. SALTONSTALL. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. SALTONSTALL. I should like to ask the chairman of the Finance Committee, Is my understanding correct, from my talk with him, that he will not accept any amendment on the debt limit bill?

Mr. LONG of Louisiana. As it stands at this moment, we have reported a bill which has no amendments to it. It is a bill which has a time limit to it. We would hope that we would agree to the

DIGEST of Congressional Proceedings

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HIGHLIGHTS: Senate agreed to resolution requesting all departments and agencies to avoid actions against agricultural parity prices.

SENATE

1. PARITY PRICES. Agreed to as reported S. Con. Res. 88, expressing the sense of Congress "that the provision of the Agricultural Act of 1948 shall be construed, as Congress intended, as applicable to all agencies of Government, as well as to the Secretary of Agriculture, and that no action be taken by any agency of Government for the purpose of preventing, or the likely result of which will be to prevent, the price of an agricultural commodity selling below parity from rising to parity." pp. 12849-52

2. PERSONNEL. The Labor and Public Welfare Committee reported with amendments H. R. 10721, making various amendments to the Federal Employees' Compensation Act (S. Rept. 1285). p. 12839

3. PUBLIC DEBT. By a vote of 50-17, passed without amendment H. R. 15202, to provide for a temporary increase in the public debt for the period beginning July 1, 1966, and ending June 30, 1967. This bill will now be sent to the President. pp. 12902-22

4. COTTON. Conferees were appointed in both Houses on H. R. 12322, the cotton research and promotion bill. pp. 12748, 12942

5. FUND ADJUSTMENT. Passed without amendment H. R. 6438, which permits (subject to the limitation applicable to each appropriation concerned) an agency to use each appropriation available to it during a fiscal year to finance the procurement of materials and services or other costs for which funds are available in other appropriations of the agency, provided final adjustment by charge to the appropriation benefited and credit to the financing appropriation is made on or before the close of each fiscal year. This bill will now be sent to the President. p. 12945

6. APPROPRIATIONS. Received from this Department reports on the overobligations of allotments in SCS and ASCS. p. 12839

7. VETERANS' AFFAIRS. Sen. Dodd's name was added as a cosponsor to S. 3303, to increase benefits under the recently enacted cold war GI bill. p. 12849

8. MILK. Sen. Proxmire inserted the testimony of the Secretary of the Eastern Milk Producers Cooperative Assoc. favoring S. 2921, to provide a special milk program for children. pp. 12853-4

9. FOOD. Sen. Symington commended and inserted an editorial, "The Food Vote," which he states emphasizes the fact that "we have a food problem rather than a farm problem." p. 12879

10. WATER RESEARCH. Sen. Jackson inserted the report of Secretary Udall summarizing the operations of the Interior Department with respect to making sea and brackish waters usable. pp. 12884-6

11. FOREIGN AID. Sen. Hartke suggested certain restrictions on aid to Egypt and recommended that this Department "assess Egypt's food resources and storage facilities." pp. 12900-2

12. BUDGET. Sen. Byrd, W. Va., inserted a term paper, "The Budgetary Process and the Appropriations Committees." p. 12929-42

13. ADJOURNED until Mon., June 20. p. 12945

HOUSE

(H. Rept. 1627)

14. RECLAMATION. Received the conference report on S. 602, to broaden the scope of the Small Reclamation Projects Act. The language of the conference report makes the following important changes in the Small Reclamation Projects Act of 1956: (1) The Small Reclamation Projects Program is extended to the entire

Mr. Mackay with Mr. MacGregor.
Mr. Fogarty with Mr. Halleck.
Mr. Moss with Mr. Erlenborn.
Mr. Evins with Mr. Don H. Clausen.
Mr. Wright with Mr. McEwen.
Mr. Senner with Mr. Cunningham.
Mr. Corman with Mrs. Bolton.
Mr. Rogers of Florida with Mr. Grover.
Mr. Gallagher with Mr. Edwards of Alabama.
Mr. Krebs with Mr. Burton of Utah.
Mr. Howard with Mr. Curtin.
Mr. Blatnik with Mr. Ellsworth.
Mrs. Kelly with Mr. Harvey of Indiana.
Mr. Long of Louisiana with Mr. Walker of Mississippi.
Mr. Jones of North Carolina with Mr. Martin of Alabama.
Mr. Thompson of New Jersey with Mr. Dawson.
Mr. Culver with Mr. Conyers.
Mr. Resnick with Mr. Stephens.
Mr. Scheuer with Mr. Scott.
Mr. Powell with Mr. Roncalio.
Mr. Williams with Mr. Young.
Mr. Boland with Mr. Abernethy.
Mr. Willis with Mr. O'Brien.
Mr. Duncan of Oregon with Mr. McMillan.
Mr. Craley with Mr. Farnsley.

Mr. LOVE changed his vote from "yea" to "nay."

Mr. O'HARA of Illinois changed his vote from "yea" to "nay."

Mr. McCARTHY changed his vote from "yea" to "nay."

Mr. KEOGH. Mr. Speaker, I have a live pair with the gentleman from Massachusetts [Mr. CONTE] who if he were here would vote "no." Therefore, I withdraw my vote of "yea" and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate disagrees to the amendments of the House to the bill (S. 2950) entitled "An act to authorize appropriations during the fiscal year 1967 for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles, and research, development, test, and evaluation for the Armed Forces, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. RUSSELL of Georgia, Mr. STENNIS, Mr. SYMINGTON, Mr. JACKSON, Mr. SALTONSTALL, and Mrs. SMITH to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. Con. Res. 77) entitled "Concurrent resolution authorizing the printing of additional copies of hearings on supplemental foreign assistance for Vietnam for fiscal 1966," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. JORDAN of North Carolina, Mr. HAYDEN, and Mr. CURTIS to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. Con. Res. 90) entitled "Concurrent resolution to authorize printing of additional copies of hearings," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. JORDAN of North Carolina, Mr. HAYDEN, and Mr. CURTIS to be the conferees on the part of the Senate.

LEGISLATIVE PROGRAM FOR THE WEEK OF JUNE 20, 1966

(Mr. ARENDS asked and was given permission to address the House for 1 minute.)

Mr. ARENDS. Mr. Speaker, I take this time in order to ask the majority leader if he would kindly give us the program for the following week.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from Oklahoma.

Mr. ALBERT. In response to the inquiry of the distinguished minority whip, we have finished the legislative program for this week and will ask to go over, after announcement of the program for next week, to Monday.

Monday is Consent Calendar day. There are three suspensions. They are as follows:

S. 1160, clarifying and protecting the right of the public to information;

H.R. 698, to establish Guadalupe Mountains National Park in Texas; and

H.R. 10860, Connally Hot Oil Act amendments.

On Tuesday and the balance of the week, I point out that Tuesday is Private Calendar day, and the following bills will be considered:

H.R. 13196, Allied Health Professions Training Act; and

H.R. 15119, Unemployment Insurance Amendments of 1966.

This announcement, of course, is made subject to the usual reservation that conference reports may be brought up at any time and any further program may be announced.

The reason we have scheduled these bills for Tuesday and the balance of the week is that the report on one of them has not been filed, and both of them are scheduled to come before the Rules Committee next week. We would like to maintain some flexibility. We do not expect the bill from the Committee on Ways and Means until Wednesday. I see the distinguished gentleman from Arkansas [Mr. MILLS] present. Perhaps the gentleman from Illinois will yield to him.

COMMITTEE ON WAYS AND MEANS

Mr. MILLS. Mr. Speaker, will the gentleman yield for the purpose of allowing me to make a unanimous-consent request?

Mr. ARENDS. I yield to the gentleman from Arkansas for that purpose.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight Saturday, June 18 next, to file a report on the bill H.R. 15119.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CONTINUATION OF THE LEGISLATIVE PROGRAM FOR THE WEEK OF JUNE 20, 1966

Mr. ALBERT. Mr. Speaker, will the gentleman from Illinois yield further?

Mr. ARENDS. I yield to the gentleman from Oklahoma.

Mr. ALBERT. The Rules Committee has expeditiously reported rules, and we are not anticipating the Rules Committee. We are simply caught up with all legislation, and the legislative committees have caught up with their reports, except these two. The Rules Committee has caught up also.

Mr. ARENDS. I thank the gentleman for that information.

ADJOURNMENT OVER UNTIL MONDAY, JUNE 20, 1966

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today that it adjourn to meet on Monday next.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday next week be dispensed with.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

SUBCOMMITTEE NO. 5 OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that Subcommittee No. 5 of the Committee on the District of Columbia may sit when the House is in session on Tuesday, June 21.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

FOREIGN AGENTS REGISTRATION ACT OF 1938

Mr. ROGERS of Colorado. Mr. Speaker, on behalf of the gentleman from New York [Mr. CELLER], I submit the following conference report on the bill S. 693 to amend the Foreign Agents Registration Act of 1938, as amended:

CONFERENCE REPORT (H. REPT. No. 1632)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 693) to amend the Foreign Agents Registration Act of 1938, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

Amendment Numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"party;

"(q) For the purpose of section (3)(d) hereof, activities in furtherance of the bona fide commercial, industrial or financial interests of a domestic person engaged in substantial commercial, industrial or financial operations in the United States shall not be deemed to serve predominantly a foreign interest because such activities also benefit the interests of a foreign person engaged in bona fide trade or commerce which is owned or controlled by, or which owns or controls, such domestic person: *Provided,* That (i) such foreign person is not, and such activities are not directly or indirectly supervised, directed, controlled, financed or subsidized in whole or in substantial part by, a government or a foreign country or a foreign political party, (ii) the identity of such foreign person is disclosed to the agency or official of the United States with whom such activities are conducted, and (iii) whenever such foreign person owns or controls such domestic person, such activities are substantially in furtherance of the bona fide commercial, industrial or financial interests of such domestic person."

And the House agree to the same.

Amendment Numbered 2: That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

"(g) Any person qualified to practice law, insofar as he engages or agrees to engage in the legal representation of a disclosed foreign principal before any court of law or any agency of the Government of the United States: *Provided,* That for the purposes of this subsection legal representation does not include attempts to influence or persuade agency personnel or officials other than in the course of established agency proceedings, whether formal or informal."

And the House agree to the same.

EMANUEL CELLER,
WM. M. TUCK,
ROBERT W. KASTENMEIER,
RICHARD H. POFF,
EDWARD HUTCHINSON,
Managers on the Part of the House.

J. W. FULBRIGHT,
JOHN SPARKMAN,
MIKE MANSFIELD,
By J.W.F.
BOURKE B. HICKENLOOPER,
GEO. AIKEN,
By B.B.H.
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the Senate bill (S. 693) to amend the Foreign Agents Registration Act of 1938, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House passed S. 693 with two amendments. The Senate disagreed to the amendments and requested a conference; the House then agreed to the conference. The conference report recommends that the Senate recede from its disagreement to the House amendments and agree to the same with amendments, the amendments being to insert in lieu of the matter inserted by the House amendments the matter agreed to by the conferees, and that the House agree thereto. The conference report retains the substance of the House amendments with certain modifications.

HOUSE AMENDMENT NO. 1

House Amendment No. 1 defines the exemptive scope of a part of proposed Section 3(d) of the Foreign Agents Registration Act. As amended by S. 693, Section 3(d) would, among other things, exempt from registration any person engaging in activities not serving predominantly a foreign interest. House Amendment No. 1 provides that, for the purpose of Section 3(d) of the Act, activities in furtherance of the bona fide business interests of a domestic concern engaged in substantial business in the United States shall not be deemed to serve predominantly a foreign interest because such activities also benefit a foreign business concern which is owned by or owns the domestic concern. The House amendment imposes three conditions on this exemption: (1) the foreign concern must not be a foreign government or political party, (2) the activities must not be directly or indirectly controlled or subsidized in substantial part by a foreign government or political party, and (3) the relationship with the foreign concern must be disclosed.

The conference report makes two changes in House Amendment No. 1. First, it substitutes the word "operations" for the word "activities," the second time the latter word appears, in order to correct an inadvertent ambiguity. Second, it applies a somewhat more rigid test for exemption in the case of United States concerns with foreign subsidiaries, by requiring as a further condition of the exemption that whenever the foreign concern owns or controls the domestic concern, the activities in question are substantially in furtherance of the business interests of the domestic concern.

HOUSE AMENDMENT NO. 2

House Amendment No. 2 in substance exempts from registration any person qualified to practice law, insofar as he engages or agrees to engage in legal representation of a disclosed foreign principal before any court of law or any agency or official of the Government (other than a Member or committee of Congress).

The conference report makes two changes in House Amendment No. 2. First, it deletes reference to any "official" as unnecessary and rearranges and shortens the requirement of disclosure. Second, it defines "legal representation" to exclude attempts to influence or persuade agency personnel or officials other than in the course of established agency proceedings, whether formal or informal.

EMANUEL CELLER,
WILLIAM M. TUCK,
ROBERT W. KASTENMEIER,
RICHARD H. POFF,
EDWARD HUTCHINSON,
Managers on the Part of the House.

COTTON RESEARCH AND PROMOTION ACT

Mr. STUBBLEFIELD. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill H.R. 12322 to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for cotton, with Senate amendments thereto, disagree to the Senate amendments, and request a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

The Chair hears none and appoints the following conferees: Messrs. COOLEY, POAGE, GATHINGS, HAGEN of California, DAGUE, BELCHER, and TEAGUE of California.

CUTBACK IN THE WAR ON POVERTY

(Mr. FARBSTEIN asked and was given permission to address the House for 1 minute and to include extraneous matter.)

Mr. FARBSTEIN. Mr. Speaker, it was a tragic setback to the domestic objectives of the administration and to this Congress when the Committee on Appropriations last year recommended enactment of a bill to appropriate for the war on poverty a sum of only $1.5 billion for fiscal 1966. As a result, Congress appropriated only that sum, rather than the $1.785 billion that had earlier been authorized by both Houses to say nothing of the $1.895 which was the sum originally authorized by the House.

Because the war on poverty was shortchanged by Congress, hundreds of exciting and promising programs throughout the country have had to be curtailed. I regard this as a real misfortune, since the war on poverty—whichever innocent administrative mistakes have been committed in its name—has proven to be a conception with real meaning, putting into effect programs of geninue effectiveness, to attain vital social goals. The war on poverty is bringing hope at last to those who have been chronically poor. I am not alone in thinking it a serious mistake that the campaign is now being grievously underfinanced. The U.S. Conference of Mayors, meeting yesterday in Dallas, reached the same conclusion. It is bad enough, Mr. Speaker, when the Government holds out no hope to the unfortunate members of our society. I think it is much worse when we hold out hope, then tantalize the unfortunates by keeping it just beyond their grasp. That is cruel, Mr. Speaker, and socially destructive.

In order to activate the machinery for rectifying the mistake involved in slashing the war on poverty's appropriation, I am today introducing a resolution. It is a somewhat unprecedented resolution, as House procedure goes. It is a "sense of Congress" resolution. Frankly, if I put in a bill for a supplemental appropriation, I would think that its chances of getting to the floor within a reasonable period are negligible. For that reason, I ask Congress to declare that it favors the full appropriation of $1.785 billion. It

be included in the bill, and special directives or statements to be included in the Committee report which will accompany the bill. These limitations or "riders" provide an effective tool to prevent any misunderstanding of how the money is to be spent. They may be made very specific, spelling out practically by name the recipients of the money, but usually set out only the purpose and general policy directives such as number and type of employees etc.

A complete record of the hearings is printed as well as the "marked up" bill and made available to Members of the House and others prior to consideration of the bill by the full Committee and by the whole House.

As soon as ready, the bill and report are considered by the full Committee of fifty members. At this meeting, the Chairman, ranking minority member and other members of the subcommittee discuss the bill and report in considerable detail. At this point it is to be expected that the subcommittee members present a united front. After thorough discussion, and after disposition of any amendments, the bill is reported by the full committee to the House for consideration. Here again the bill becomes the work of the full Committee who will naturally defend their work, thus they present a united front to the House as a whole.

The bill is next considered by the full membership of the House of Representatives. The rules of the House require the lapse of at least three calendar days between the date of reporting by the Committee and date of consideration by the House, unless unanimous consent is obtained for earlier consideration. The subcommittee Chairman customarily reports the bill on behalf of the Whole Committee; his name appears on the bill and report and he normally acts as floor manager of the bill.

The bill is usually considered in the Committee of the Whole House on the State of the Union. This involves a limited period of general debate, plus reading of the bill for amendment under the "five minute rule" which limits discussion to five minutes per member on each item (Rule XXIII).

An excellent example of relinquishment of responsibility to the subcommittee and an interesting presentation tactic were revealed in the House consideration of the 1967 Treasury and Post Office Appropriations bill as reported in the CONGRESSIONAL RECORD of April 6, 1966.[99] Of course it only amounted to "the princely total of $7,210,177,135.00" [100] which was going for relatively non-controversial bread and butter items, yet the lack of interest or amount of confidence is astounding. Before subcommittee Chairman Steed could finish his very brief introduction the following dialogue took place.

"Mr. GROSS. Mr. Chairman, will the gentleman yield?

"Mr. STEED. I would like to finish my general statement. It will be very short, and then I will be happy to yield for any questions.

"Mr. GROSS. I would appreciate it if the gentleman will yield. This bill as I understand it, calls for some $7,240 billion.

"Mr. STEED. That is correct.

"Mr. GROSS. I have looked around the House Chamber and I am sure there are not 10 Members of the 435 Members on the floor. It must be discouraging to my friend from Oklahoma, the chairman of the subcommittee, to make his presentation on a bill of this size without more Members present. If the gentleman is discouraged by the fact that there are so few Members here, then the gentleman from Iowa would be willing to make a point of order that there is not a quorum so as to get some Members here to hear him. I think it is really discouraging, and borders on being disgraceful, that there are no more Members on the floor of the House when we are dealing with a bill in the sum of more than $7 billion.

"Mr. STEED. Of course, we think this is a very, very important bill. We have done our best to bring it to the House in the most forceful way we can. I am in no position to criticize the other Members for their apparent lack of attention to it. We waited patiently a long time, and we hope we can proceed with it and expedite its consideration here today. The gentleman will have to be his own judge about that, but I am willing to proceed under these circumstances and do the best I can.

"Mr. ALBERT. Mr. Chairman, will the gentleman yield?

"Mr. STEED. I yield.

"Mr. ALBERT. The truth of the matter is that the House has such complete confidence in the gentleman and his committee that many Members are not here to argue it." [101]

And so on it went and no quorum was called until the final vote which passed it 368 to 2. Of the lonely two, one, very surprisingly enough, was Mr. Bow of Ohio, ranking minority member of the Appropriations Committee who had unsuccessfully tried to get an amendment on the bill whereby the President would be limited to only 95 percent of the total Appropriations. He got only 127 yeas and he was not happy.

Of the 7.2 billion dollars only 6 million was to pay for narcotics agents, yet a great deal of flag waving and fully 6 pages of the "Record" were devoted seemingly to the necessity of passing the 7.2 billion to get the 6 million.

Once passed by the House the bill now goes over to the Senate where as has been noted earlier a similar subcommittee structure must again request data, schedule witnesses, hold hearings and make decisions of what to give on substantially the same Executive facts and figures contrasted with the same critical studies that the House had.

There is one significant difference however, in the organization of the two committees that produces a somewhat different result. The different result is that the House Appropriations Committee usually makes cuts in the budget request whereas the Senate usually restores at least a part of such reductions. Thus it is quipped the Senate is the "upper house" because it ups the appropriations.[102] What causes this phenomenon was recognized by Mr. Robert Wallace who wrote:

"In the Senate, seniority settles the question of who fills subcommittee vacancies—members with the longest service on the committee get first choice. In the House, however, the committee chairman allocates the subcommittee membership of the majority party and the ranking minority member determines the minority party membership. This difference in the method of making assignments to subcommittees accounts for a marked difference in the power structures of House subcommittees compared with that in the Senate. Those who serve on the House subcommittees represent districts that normally have little stake in the appropriations under their jurisdiction, and subcommittee members do not quaver at the thought of substantial reductions. The opposite is true of the Senate subcommittees. Since these are filled according to individual choice backed up by sufficient seniority, members of the Senate Appropriations Committee will seek to serve on subcommittees which consider funds important to their states. Consequently, they tend to seek increases and certainly to oppose cuts in programs dear to the hearts of their constituents. Moreover, seeking reductions, even in programs not affecting their states, would mitigate against their chances of securing the appropriations they want." [103]

The Senate Appropriations Committee and subcommittees then, become a court of appeals from harsh House treatment.[104] This fact plus the overworked condition of the Senators results, in many cases, in the attention being directed primarily to those items the House has cut and only cursory review of the rest. This complementary position at least fits the Senate comfortably and avoids duplication of effort, however it weakens the Congressional control of the purse. That Congressional control has been weakened is recognized by Senator PROXMIRE who commented: "Without question, Congress' prime power is the power of the purse; control over spending. If the separation of powers is to have any meaning at all, Congress must use that power with genuine independence. And yet the Congress now depends overwhelmingly on the decision of the President, his Budget Bureau, and the various executive agencies in making spending decisions.

"Encroachment of the executive branch on the congressional power and responsibility has been one of the most conspicuous developing features of American Government in recent years. In my judgment, this encroachment is strictly the fault of Congress.

"The Presidency has equipped itself with modern tools to do its job. Congress has not. The executive branch has moved into effective control of the purse because congressional failure to do an adequate job has created a vacuum." [105]

After subcommittee consideration hearings are printed and the same "mark up" session is held here as in the House, followed again by full committee approval and a Senate vote.

After approval by the Senate, in almost all instances the bill is sent to conference to adjust the differences between the versions of the bill as passed by the two bodies. Conferees named by both the House and Senate meet together for this purpose. House conferees on appropriation bills are designated by the Speaker from Members of the Committee on Appropriations, and more recently have been limited to five Members including the Chairman of the Whole Committee and four members of the subcommittee involved.

When agreement is reached as to disposition of each Senate amendment, a conference report is prepared and approved by the conferees. This report is then filed with both Houses for disposition. Sometimes, agreements cannot be reached at the initial conference on all points of difference, in which event each group of conferees take the propositions still at issue back to their respective Houses for further action. Sometimes further conferences are necessary, but in a great many instances, a single conference completes the business of adjusting differences.

The conference report is normally acted on first by the House. Upon House approval, it is sent to the Senate for action. Following adoption by the Senate, the enrolled bill as finally agreed to by both Houses is signed by the Speaker and the Vice President and sent to the President for signature. Only rarely does a bill pass both houses in exactly the same form. When this happens, conference consideration is not required and the bill goes to the President for signature without further Congressional action. And occasionally, the changes made by the Senate are so minor as not to justify the formal conference routine, in which event the changes are formally agreed to on the floor of the House.

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[99] Pages 7388–7410.
[100] Id, page 7401.
[101] Id, page 7389.
[102] *Supra* note 46, page 108.
[103] *Supra* note 60, page 155.
[104] *Supra* note 46, page 108.
[105] Id, page 102.

Execution

Upon receipt of the enrolled bill the President refers it both to the Budget Bureau and the agency concerned for recommendations respecting his action. In many cases the original executive estimates have been completely revised in their legislative passage, and the acceptance of Congressional action would necessitate a substantial revision of programs. The decision which the President must make is at times a difficult one. He must accept or reject an entire bill without the benefit of being able to strike out the objectionable parts. There is no item veto. The decision to veto an entire bill because of one objectionable feature is not easy. This is especially true when the enrolled bill reaches the President at a time just prior to the beginning of the new fiscal year. However, most of the bills receive the Presidential signature and are thereupon transformed into law. The State Department as the custodian of the law sends certified copies to the Treasury.

In the Treasury Department the Commissioner of Accounts and Deposits draws appropriation warrants which are sent to the Comptroller General for countersignature and returned to the Treasury. The bureaus have meanwhile submitted their plans for the apportionment of their funds to the Budget Bureau which notifies the departments of their approval. The funds are now available for obligation, and from this point on the budget process consists largely of the clearance and satisfaction of obligations. The agencies requisition the funds which are to be placed to the credit of the disbursing officers and the requisitions, having been approved by the Comptroller General, are sent to the Treasury Department where the Commissioner of Accounts and Deposits draws accountable warrants which are countersigned by the Comptroller General. These accountable warrants place funds to the credit of the disbursing offices with the Treasurer of the United States. The Agencies approve the vouchers for payment while the budget offices of the departments examine the vouchers for the availability of funds. The vouchers are then sent to the Treasury Department for payment. In the final step the Comptroller General audits all checks and vouchers.

Aside from the veto power, the President has the power to refuse to spend appropriations thereby giving an item veto of sorts. This latter power was noted in the Coast Guard appropriation supra.

Should unexpected circumstances require additional funds or new programs be initiated the Executive must repeat this entire cycle for deficiency and/or supplemental authorization and appropriations.

Not discussed in this presentation has been the work of two other very significant factors in the revenue raising aspects of the budgetary process, namely the Committees on Ways and Means in the House and Finance in the Senate as well as the Joint Economic Committee. The former two revenue committees must estimate the expenditures and adjust the expected income to hopefully have enough money to pay the bills. Thus when a deficit is imminent new savings bond programs, taxes, etc. are announced to somehow meet the needs of the budget. To help coordinate income with spending is the responsibility of the Joint Economic Committee. These areas, as well as an accountants view of proper controls on total annual expenditures versus annual appropriations and justifications of the budgetary philosophies are left for further consideration by others.

CONCLUSION

The rapidly increasing significance of the federal budget on the social and economic atmosphere of our country serves to focus attention on the budgetary process which produces it. Although this process is of recent origin it reflects many changes which have occurred since the beginnings of our country. The flavor of the changes that have occurred is captured by Harold Smith who wrote: "If a budget had existed as such 150 years ago, it would have been a small budget, consistent with the precept that 'That government is best which governs least.' But that conception no longer obtains. We now seem to operate under the precept that 'That government is best which serves most;' or perhaps more accurately, 'Our government must give much service if the country is to survive.' Certainly government today is a great service enterprise which not only gives protection and care to individuals, but also undertakes to influence the business cycle in such fashion as to minimize the impact upon our citizens. The budget is the most accurate measure of the significant transition in the responsibility of government." [106]

From the historical look back to the Magna Carta it is clear that popular control of the purse symbolizes our ideas of democracy. Indeed in the world today it differentiates the free from the oppressed. Whatever is necessary then to preserve and improve this system must be done to preserve the freedoms that inspired our Founding Fathers and led to our great present democratic society.

Currently Congress is examining what new ideas may best cope with the present day requirements. Many of these changes recognize the responsibility to the public.[107]

Although the budget deals in terms of money, money is readily, translatable through tax dollars, for example into human accomplishment, hard work and sacrifice. When apathy or disregard for the budgetary process becomes thus characterized, the danger to the virtues of free enterprise such as initiative, frugality, incentive, etc., becomes most readily apparent. Each tax dollar levied is a burden on incentive. This burden must be weighed when public money is being spent. In sum the budgetary process and particularly the individual participants therein shoulder the burden for preserving our free enterprise society where hard work is respected and rewarded.

The participants in the budgetary process and their legal responsibilities have been set out. As noted in the introduction the elected officials are but agents of their constituents who in sum are the principal. For the agent to reflect the desires of his principal there must be an understanding by the principal or public of the agents power and duties. Only by having a clear conception of the agents role, be it legislative, executive, or judicial, in the budgetary process can the public preserve our preesnt way of life. As an informed taxpaying electorate we must know where, why, how and for what our contribution to the public treasury is spent. And in our future role as lawyers we must strive to educate others.

[106] "The Budget in Transition", (New York: McGraw-Hill Book Co. 1945) p. 73.

[107] *Supra* note 46, summarized in "Senate Report No. 426" pages 11–29, 89th Cong. 1st Session and "Senate Report No. 948" 89th Cong. 2d Session, pages 7–29.

AUTHORITY TO SIGN BILLS, RECEIVE MESSAGES, AND FILE REPORTS

Mr. McCARTHY. Mr. President, I ask unanimous consent that during the adjournment of the Senate from the close of business today until noon Monday next, the Secretary of the Senate be authorized to receive messages from President of the United States and from the House of Representatives; the President of the Senate and the President pro tempore be authorized to sign enrolled bills; and committees be authorized to file reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

COTTON RESEARCH AND PROMOTION ACT

The PRESIDING OFFICER laid before the Senate a mesage from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 12322) to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. TALMADGE. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the presiding officer appointed Mr. TALMADGE, Mr. EASTLAND, Mr. JORDAN of North Carolina, Mr. AIKEN, and Mr. YOUNG of North Dakota conferees on the part of the Senate.

AMERICAN POLICY AND THE FUTURE OF NATO

Mr. McCARTHY. Mr. President, the news of the commencement of the removal of the American military personnel, equipment, and supplies from France is most disturbing.

I do not know that this could have been prevented. However, I do believe it is fair to show that the efforts which were made to bring about some kind of earlier adjustment within NATO, and particularly within our relationship with France and the relationship of France with other nations within the NATO organizations, have been hesitant and I think inadequate.

If the Atlantic alliance is not to become either meaningless or else a facade of U.S. foreign policy, we must reevaluate our position and develop new policies which are quite different from those suggested by the somewhat vague references to change in recent statements by some administration spokesmen.

We must begin by asking ourselves what our objectives should be in Europe and for Europe and with Europe, and then determine whether existing policies and structures are useful in moving toward these objectives.

We must be willing to acknowledge that some present policies and structures may be out of date and hinder achievement of our long-term objectives.

We must guard against the limiting power of old attitudes, and against accepting that what was effective in the late 1940's and early 1950's is the necessary pattern for the future.

Since President de Gaulle first raised questions about NATO few of our policy-

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(FOR INFORMATION ONLY;
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For actions of June 28, 1966
89th-2nd; No. 106

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HIGHLIGHTS: Both Houses passed continuing appropriations resolution. Senate subcommittee approved agricultural appropriation bill. Senate committee reported screw-worm eradication bill. Senate adopted conference report on cotton research promotion bill. Sen. Proxmire spoke in favor of school milk program.

HOUSE

1. APPROPRIATIONS. Both Houses passed H. J. Res. 1180, the continuing appropriations resolution. This measure will now be sent to the President. Sen. Russell, Ga., stated this resolution "is the usual type of resolution which comes before the Senate each year...from the House and is necessary to continue projects and activities of the Government until the appropriations bills are enacted into law. All authority under this resolution expires August 31, 1966." pp. 13843-44, 13874-94

2. LIBRARIES. Concurred in Senate amendments to H. R. 14050, to extend and amend the Library Services and Construction Act. This bill will now be sent to the President. pp. 13894-5, 13945

3. CIVIL DEFENSE. Passed without amendment H. R. 13125, to amend the provisions of title III of the Federal Civil Defense Act of 1950, as amended. p. 13898

4. HOUSING. The Banking and Currency Committee voted to report (but did not actually report) H. R. 15890, amended, to assist city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in these areas, and to improve and amend our housing programs. p. D587

5. WATER. A subcommittee of the Interior and Insular Affairs Committee approved for full committee action H. R. 4671, amended, to authorize the construction, operation, and maintenance of the Lower Colorado River Basin project. p. D588

6. LABOR STANDARDS. Rep. Farnsley inserted an article, "Almost a Whole Loaf for Labor," commending passage of the minimum wage bill. p. 13942

7. TRANSPORTATION. Rep. Mink spoke in support of the proposed Department of Transportation and the advantages such a department would provide Hawaii. pp. 13943-4

8. MARKETING. Rep. Tunney urged enactment of legislation to provide adequate protection for consumers with regard to labeling and packaging. p. 13945

9. GRAIN STANDARDS. Received from this Department a proposed bill to provide for U. S. standards and a uniform national inspection system for grain; to Agriculture Committee. p. 13948

10. RESEARCH. Rep. Hanna paid tribute to the University of California and its agricultural programs. pp. 13904-31

11. OPINION POLL. Rep. Martin, Ala., inserted the results of a questionnaire including items of interest to this Department. p. 13947

SENATE

12. SCREW-WORM. The Agriculture and Forestry Committee reported with amendment S. 3325, to authorize this Department to cooperate in screw-worm eradication in Mexico (S. Rept. 1342). p. 13776

13. COTTON. Received and agreed to conference report on H. R. 12322, the cotton research and promotion bill. p. 13780

14. APPROPRIATIONS. A subcommittee of the Appropriations Committee approved for full committee consideration, H. R. 14596, fiscal 1967 appropriations for this Department, and related agencies. p. D585

15. WATER RESOURCES. The Interior and Insular Affairs Committee reported without amendment S. 3186, to increase the authorization for continuing work on the Missouri River Basin Project (S. Rept. 1340); voted to report (but did not actually report) S. 3034, to authorize feasibility studies of certain potential Federal reclamation projects in 17 Western States; and voted to report (but did

McCARTHY, Mr. MOSS, Mr. SALTONSTALL, and Mr. YARBOROUGH were added as additional cosponsors of the bill (S. 3521) to foster high standards of architectural excellence in the design and decoration of Federal public buildings outside the District of Columbia, and to provide a program for the acquisition and preservation of works of art for such buildings, and for other purposes, to be known as the Federal Fine Arts and Architecture Act, introduced by Mr. MUSKIE on June 16, 1966.

ADDITIONAL COSPONSORS OF BILLS AND CONCURRENT RESOLUTION

Mr. HART. Mr. President, I ask unanimous consent that, at the next printing of the bill (S. 2922) granting the consent of Congress to a Great Lakes Basin compact, and for other purposes, the name of the Senator from Michigan [Mr. GRIFFIN] be added as a cosponsor.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. CLARK. Mr. President, I ask unanimous consent that, at the next printing of the bill (S. 3435) to revise the Federal election laws, and for other purposes, the name of the Senator from Rhode Island [Mr. PELL] be added as a cosponsor.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. KUCHEL. Mr. President, I ask unanimous consent that at the next printing of Senate Concurrent Resolution 6, authorizing the use of the good offices of the United Nations on behalf of the enslaved Baltic States, the name of the junior Senator from Michigan [Mr. GRIFFIN] be added as a cosponsor.

The VICE PRESIDENT. Without objection, it is so ordered.

NOTICE OF HEARING ON STATE PROCEDURES FOR THE REMOVAL, RETIREMENT, AND DISCIPLINING OF UNFIT JUDGES

Mr. TYDINGS. Mr. President, as chairman of the Judiciary Committee's Subcommittee on Improvements in Judicial Machinery, I wish to announce a further hearing on State procedures for the removal, retirement, and disciplining of unfit judges. The purpose of this hearing is to study the removal and disciplining procedures in effect in the judicial systems of Illinois, Michigan, Oklahoma, Maryland, and Nebraska, and to ascertain how effective these procedures are and whether they might be adapted for use in the Federal system.

The hearing will be held July 14, 1966, in room 6226 of the New Senate Office Building. Any person who wishes to testify or submit a statement for inclusion in the record of this hearing should communicate with the Subcommittee on Improvements in Judiciary Machinery, room 6306, New Senate Office Building.

NOTICE OF HEARINGS ON SENATE BILL RELATING TO ABOLISHING THE OFFICE OF U.S. COMMISSIONER

Mr. TYDINGS. Mr. President, as chairman of the Judiciary Committee's Subcommittee on Improvements in Judicial Machinery, I wish to announce hearings on S. 3475, a bill to abolish the office of U.S. commissioner, and to establish in place thereof the offices of U.S. magistrate and deputy U.S. magistrate. The hearings will be held July 11, 12, and 13, 1966, in room 6226 of the New Senate Office Building.

Any person who wishes to testify or submit a statement for inclusion in the record of these hearings should communicate with the Subcommittee on Improvements in Judicial Machinery, room 6306, New Senate Office Building.

NOTICE OF HEARING DATES ON HIGHER EDUCATION AMENDMENTS OF 1966

Mr. MORSE. Mr. President, I wish to announce that the Education Subcommittee of the Senate Committee on Labor and Public Welfare will open hearings on S. 3047 and H.R. 14644, the higher education amendments of 1966, on Tuesday, July 12, 1966 at 10 a.m. in the committee hearing room 4232 New Senate Office Building, and will continue to take testimony on July 13 and 14.

All individuals and organizations interested in submitting testimony to the subcommittee are urged to communicate with the Education Subcommittee, telephone number 225–5375, and room number 4230, at their earliest convenience.

It is anticipated that the hearings will take 3 days. The first day will be devoted to the administration witnesses. The second day testimony from higher educational organizations will be heard, and the third day will be devoted to public witnesses and public interest association testimony. Senators will be heard at their convenience.

In view of the limited opportunity for oral presentation of testimony, I wish to assure each interested individual and organization that careful consideration will be given by the subcommittee to the written statements filed with the committee in support of, or in oppostion to, the proposed legislation, and I urge that unless there are compelling reasons to the contrary, that the testimony be submitted in written form for inclusion in the hearings record.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, June 28, 1966, he presented to the President of the United States the enrolled bill (S. 1611) to transfer certain functions from the U.S. District Court for the District of Columbia to the District of Columbia Court of General Sessions and to certain other agencies of the municipal government of the District of Columbia, and for other purpose.

EXECUTIVE SESSION

On the request of Mr. MANSFIELD, and by unanimous consent, the Senate proceeded to consider executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. MAGNUSON, from the Committee on Commerce:

Lawrence J. O'Connor, Jr., of Texas, to be a member of the Federal Power Commission.

The VICE PRESIDENT. If there be no further reports of committees, the clerk will state the nomination on the Executive Calendar.

CENTRAL INTELLIGENCE AGENCY

The legislative clerk read the nomination of Richard Helms, of the District of Columbia, to be Director of Centeral Intelligence.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nomination.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. KUCHEL. Mr. President, I am sure I bespeak the feelings of Members of the Senate in bidding Godspeed to a great American and high ranking naval officer, who returned to serve his country again after being retired following a distinguished career in the Navy,

Admiral Raborn merits the respect and esteem of the American people. I bid him Godspeed as he leaves his responsibilities in the Government.

I also wish to extend best wishes to Mr. Richard Helms as he takes up his new duties as Director of the Central Intelligence Agency.

LEGISLATIVE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Senate resumed the consideration of legislative business.

COTTON RESEARCH AND PROMOTION ACT—CONFERENCE REPORT

Mr. TALMADGE. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12322) to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton. I ask unanimous consent for the present consideration of the report.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12322) to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 2; and agree to the same.

HERMAN E. TALMADGE,
JAMES O. EASTLAND,
B. EVERETT JORDAN,
GEORGE D. AIKEN,
MILTON R. YOUNG,
Managers on the Part of the Senate.

HAROLD D. COOLEY,
W. R. POAGE,
E. C. GATHINGS,
HARLAN HAGEN,
PAUL B. DAGUE,
PAGE BELCHER,
CHARLES M. TEAGUE,
Managers on the Part of the House.

The VICE PRESIDENT. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. TALMADGE. Mr. President, the conferees on H.R. 12322 have recommended that the House recede from its disagreement to the amendments of the Senate and agree to the same. The conferees have, therefore, agreed to the bill in exactly the form that it passed the Senate.

The Senate had amended the bill in two respects. Both Senate amendments had been recommended by the Committee on Agriculture and Forestry after long consideration, and there is no question that they have improved the bill.

The first Senate amendment provided for a flat assessment of $1 per bale, not subject to change in subsequent orders. This provision removed the fear of many farmers that if they voted for the first order, they would find themselves faced with greater assessments in the future.

The second Senate amendment provided that in order to be effective, an order must be approved by at least a majority of the producers, even when it is approved by the producers of two-thirds of the volume of the cotton produced. The Department had indicated that even without this amendment, the Secretary would probably not put into effect any order which had the support of less than a majority of the producers. The position of the Senate has been maintained by the conferees.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. TALMADGE. I yield.

Mr. KUCHEL. As a representative of a State deeply interested in cotton legislation, I wish to point out that once again the distinguished Senator from Georgia has performed a public service to agriculture, and most particularly to the cotton farmers of America. I congratulate him for his leadership.

Mr. TALMADGE. I am grateful to the distinguished Senator from California, the minority whip. Whenever the subject of cotton has come before the Senate, the distinguished Senator from California has rendered distinguished service by assisting in the passage of the legislation.

I move the adoption of the conference report.

The report was agreed to.

ARTHUR JEROME OLINGER

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1302, S. 1803.

The VICE PRESIDENT. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1803) for the relief of Arthur Jerome Olinger, a minor, by his next friend, his father, George Henry Olinger, and George Henry Olinger, individually.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on the Judiciary with an amendment on page 2, at the beginning of line 1, to strike out "three" and insert "four"; so as to make the bill read:

S. 1803

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any statute of limitations, bars of laches, or lapse of time, or that the claims herein arose in a foreign country, jurisdiction is hereby conferred upon the United States District Court for the District of Hawaii to hear, determine, and render judgment upon the claims of Arthur Jerome Olinger and his father, George Henry Olinger, for compensation for a fractured skull and other injuries sustained by the said Arthur Jerome Olinger at the age of *four*, such injuries having occurred as a result of a fall from the third floor of Government quarters, owned and controlled by the United States, known as Feebren Strasse II, Warner Barracks, in Bamberg, Germany, on September 29, 1962.

SEC. 2. Suit upon any such claims may be instituted at any time within one year after the date of the enactment of this Act. Proceedings for the determination of such claims and review thereof, and payment of any judgment thereon, shall be in accordance with the provisions of law applicable to cases over which the court has jurisdiction under section 1346(b) of title 28 of the United States Code. The application of section 2680(k) of title 28 of the United States Code to the claims herein is waived. Nothing in this Act shall be construed as an inference of liability on the part of the United States.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1332), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSES

The purpose of the bill, as amended, is that, notwithstanding any statute of limitations, bars of laches, or lapse of time, or that the claims herein arose in a foreign country, jurisdiction is hereby conferred upon the U.S. District Court for the District of Hawaii to hear, determine, and render judgment upon the claims of Arthur Jerome Olinger and his father, George Henry Olinger, for compensation for a fractured skull and other injuries sustained by the said Arthur Jerome Olinger at the age of four, such injuries having occurred as a result of a fall from the third floor of Government quarters, owned and controlled by the United States, known as Feevren Strasse II, Warner Barracks, Bamberg, Germany, on September 29, 1962.

STATEMENT

The facts of the case are found in the Army report of January 11, 1966, and are as follows:

"On September 29, 1962, at approximately 11:15 a.m., Army Sergeant George Olinger's 4-year-old son, Arthur, fell from his third floor bedroom window in Government quarters at Bamberg, Germany. Mrs. Olinger informed an investigator that she had left her son in his bedroom to pick up some paper. She was in the living room combing her hair when she heard a scream. She ran into the bedroom and saw that the window was open and that the screen had fallen out. When asked how her son was able to get up to the window, she answered that she had a coffee table setting by the window and her son must have climbed upon the table and opened the window. Mrs. Olinger explained why the post engineer had not installed bars over the bedroom window as follows:

" 'About 3 months ago I called the engineers and made a request for them to do it because the screen had fallen out on other occasions. They told me that they couldn't do anything unless I came down and signed some papers for the work order. My husband is always in the field and has very little time to go down and with four children it is hard for me to go down to their office.'

"As a result of the fall Arthur Olinger suffered a skull fracture. After being taken to the 188th General Dispensary in Bamberg, Germany, he was evacuated by air, first to the 10th Field Hospital, Wurzburg, Germany, then to the Landstuhl Medical Center. The child was treated at the Landstuhl Medical Center from September 29, 1962, to October 6, 1962. The clinical record of Arthur Olinger shows his medical treatment as follows:

" 'The patient was admitted September 29, 1962, at 1630 hours. Shortly thereafter the patient was taken to the operating room where debridement of the skin, right frontal, with removal of loose depressed bone fragment and repair of tear in the wall of sagittal sinus was done. Approximately 30 cc's of brain was debrided. Postoperatively the patient did well and by October 5, 1962, was awake, and alert and eating well. He was up and about the ward and the wound looked good. On October 6, 1962, the sutures were

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U.S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
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HIGHLIGHTS: House received conference report on cotton research-promotion bill. Reps. Roush and Brademas urged enactment of disaster relief bill. Senate committee voted to report child nutrition bill. Senate passed screw-worm eradication bill. Sen. Proxmire urged enactment of special school milk program. Rep. Gross inserted tabulation of underpayment to agriculture and debt expansion.

HOUSE

1. COTTON. Received the conference report on H. R. 12322, the cotton research and promotion bill (H. Rept. 1673) (pp. 13954-5). The report contains a statement and explanation of the effect of the action agreed upon by the conferees as follows:

"H. R. 12322 would authorize the Secretary of Agriculture to issue a marketing order authorizing the collection of contributions from cotton producers of $1.00 per bale to be used for the purpose of research and promotion to further the consumption of cotton in the United States. As in the case of other

marketing orders, the bill provides that the proposed marketing order should be approved in a referendum of cotton producers by two-thirds of the producers voting in the referendum or two-thirds of the cotton production represented by producers in the referendum.

"The Senate amended the bill in two respects: (1) To provide that the assessment could not exceed $1.00 per bale; (2) To provide that approval of the marketing order in the referendum by a vote of two-thirds of the volume represented would not be effective unless such vote also represented at least a majority of the producers voting in the referendum.

"In the meeting of the conferees it was stated that the Secretary of Agriculture had announced that he would not approve the proposed marketing order unless a majority of the producers voted in favor of it, if the decision were to be made on a volume of production basis. The Senate amendment dealing with this matter appeared, therefore, to be a moot question and the House conferees accepted this amendment.

"Having accepted the amendment with respect to the referendum, the conferees felt that it would give cotton producers greater confidence in the proposed program to accept also the first Senate amendment which provides that the producer assessment under the proposed marketing order cannot be, under any circumstances, more than $1.00 per bale under this legislation."

2. PERSONNEL; PAY. Concurred in Senate amendments to H. R. 1535, to permit the payment of premium compensation to Classification Act employees for periods of work involving hazardous conditions (p. 13955). This bill will now be sent to the President.

3. WATER FOR PEACE. A subcommittee of the Foreign Affairs Committee approved for full committee action H. J. Res. 1169, to enable the U. S. to organize and hold an International Conference on Water for Peace in the U. S. in 1967. p. D594

4. TRANSPORTATION. The Government Operations Committee voted to report (but did not actually report) H. R. 15963, amended, to establish a Department of Transportation. p. D594

5. RECREATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 51, amended, to provide for the establishment of the Indiana Dunes National Lakeshore. p. D594

6. FIREFIGHTERS. A subcommittee of the Post Office and Civil Service Committee approved for full committee action H. R. 10294, to reduce the time in standby status of firefighting personnel of the Federal Government. p. D595

7. FOREIGN AID. The "Daily Digest" states that the Rules Committee "granted an open rule with 5 hours of debate on H. R. 15750," the foreign aid authorization bill. p. D595

8. POVERTY. The "Daily Digest" states that the Rules Committee "granted an open rule with 8 hours of debate on H. R. 15111," the Economic Opportunity Act amendments. p. D595

9. DISASTER RELIEF. Reps. Roush and Brademas commended and discussed the provisions of S. 1861, to provide additional assistance for areas suffering a major disaster, and urged its enactment. pp. 13982-86

utaries" (60 NEV 280) the Supreme Court stated that an abandonment is a voluntary matter, a question of intent. The question of intent can be evidenced by overt acts, but mere lapse of time does not, of itself, constitute an abandonment.

The Nevada Supreme Court and other state courts have made mention of the fact that in determining the question of intent to abandon a water right, the courts may take an unuse of water and other pertinent circumstances into consideration. Abandonment is a matter of intent. That means an intent to desert or forsake a water right with no, then, intent to repossess or use it. All that we can learn from the various Supreme Court cases on the subject is that a court will not declare an abandonment without the necessary intent inferred, or otherwise. It is highly questionable in this State at the present time, that the intent to abandon can be established if the holder of the right contests the matter.

The State Engineer, the Colorado River Commission, or any interested person could start legal procedures to have a right declared abandoned.

Very truly yours,

ELM J. DERICCO,
Director.

MEMORANDUM ACCOMPANYING STATEMENT OF NORTHCUTT ELY MAXIMUM HISTORICAL USE OF BMI PIPELINE

The annexed tables show the non-simultaneous peak use of the BMI pipe line, in cubic feet per second (Table 1), and in acre-feet per year (Table 2), by each water user served. Table 3 compares these peaks with the water rights of the users.

What these figures show is that:

(1) The deliveries to the City of Henderson under BMI certificate 3119 exceeded both the 8.05 c.f.s. which is the aggregate of the capacity contracted for by Henderson and the National Park Service, and the 12 c.f.s. covered by certificate 3119. These excesses were furnished out of BMI certificate 3118.

(2) The uses by Las Vegas Valley Water District under its contracts with BMI exceeded the 28.78 c.f.s. to which the District is entitled under those contracts, and this excess was also met out of BMI's diversions under certificate 3118.

(3) BMI had capacity in its pipe line to meet these excesses only because the peak uses of the BMI group of companies served under certificate 3118 were not simultaneous. There was sufficient diversity in their demands to make possible the use of the pipe line's capacity to meet the demands of Henderson and Las Vegas Valley Water District in excess of the capacity to which their contracts with BMI entitled them.

(4) Fortunately, the peak demands of all users, in cubic feet per second, were not simultaneous. If they had been simultaneous, the total would have exceeded the capacity of the pipe line. If they had been simultaneous, the total of the peak daily rates of flow would have been 85.595 c.f.s., and the total of the "instantaneous" peaks (the highest rates of flow in any day) would have been still higher or 114.406 c.f.s. For comparison, the capacity of the pipe line is about 80.5 c.f.s., and the pumping equipment will "push" somewhat less than this through the line, on a continuous basis.

(5) Naturally the total quantity of water transported during the year, which is measured in acre-feet, is not as great as the maximum rate of flow in cubic feet per second (which is BMI's entitlement under its Nevada certificates) multiplied by the number of seconds in a year.

The annual quantity in acre-feet moved through any aqueduct gradually grows to the full capacity of the line, but if it equaled the full capacity from the beginning, then that pipe line would have been under-designed in two respects: (1) without margins for growth of load, and (2) without margins for peak demands.

(6) In conclusion: BMI has used its pipe line to the total capacity in cubic feet per second covered by its two certificates (45 plus 12 or 57 c.f.s.) but has not yet used the full number of acre-feet per year which it would have a right to use if the capacity stated in those certificates were utilized 100% of the time. It is not required to do so, in order to be entitled to the full 57 c.f.s. whenever it has need for that peak capacity. In like manner, Las Vegas Valley Water District has utilized (and more) the capacity, about 28 c.f.s., which it has leased in the BMI pipe line, but has not yet used all that capacity on a year round basis. It is not required to do so, in order to be entitled to full protection of the $3,000,000 it has invested to put that leased capacity to work.

NORTHCUTT ELY.

TABLE 1.—*Noncoincidental peaks, in cubic feet per second*

User	Date	Peak daily rate	Instantaneous peak
(1) BMI			
American Potash	August 1959	2.720	2.720
Do	November 1964	2.399	
Flintkote	December 1962		31.210
National Lead	July 1965	.509	.509
Stauffer	April 1964	14.675	14.675
	May 1963	19.27	19.27
Subtotal		39.573	68.384
(2) Henderson	August 1963	14.706	14.706
Rose de Lima Hospital	do	.155	.155
Subtotal		14.861	14.861
(3) Las Vegas Valley Water District	July 1963	30.960	30.960
National Park Service	July 1965	.201	.201
Subtotal		31.161	31.161
Total		85.595	114.406

TABLE 2.—*Maximum annual use in acre-feet*

User	Year	Quantity
(1) BMI		
American Potash	1959	424.9
Flintkote	1962	1,928.0
National Lead	1965	176.8
Stauffer	1956	7,153.3
	1963	7,947.0
Subtotal		17,630.0
(2) Henderson		
Rose de Lima Hospital	1964	5,230.9
	1963	84.4
Subtotal		5,315.3
(3) Las Vegas Valley Water District	1963	6,406.9
National Park Service	1965	66.2
Subtotal		6,473.1
Total		29,418.4

TABLE 3.—*Nonsimultaneous peak rates of uses, in comparison with maximum water rights*

Water user	Maximum use, cubic feet per second	Water right, in cubic feet per second
(1) BMI and associated companies, industrial uses (total of nonsimultaneous instantaneous peaks).	114.41	45 cubic feet per second (certificate 3118).
(2) Henderson and Rose de Lima Hospital, and National Park Service, municipal and domestic uses.	14.88	12 cubic feet per second (maximum BMI right under certificate 3119; rights of these 3 users under their contracts with BMI total 8.05 cubic feet per second).
(3) Las Vegas Valley Water District	30.96	28.78 cubic feet per second (maximum stated in contracts with BMI; these include 21.285 cubic feet per second until 1990, plus 6.5 cubic feet second until Sept. 30, 1966).

The amendments settle a longstanding difficulty between the executive department and the House in regard to this legislation. They are in order. The House has a complete explanation in my remarks.

Mr. GROSS. Mr. Speaker, I trust the dispute and the controversy were settled in favor of the House of Representatives.

Mr. ASPINALL. I would say that we received our share from the controversy, if the gentleman will permit.

Mr. GROSS. I thank the gentleman.

Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

TO PERMIT CERTAIN TRANSFERS OF POST OFFICE DEPARTMENT APPROPRIATIONS

Mr. DULSKI. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 7423) to permit certain transfers of Post Office Department appropriations, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 4, after "year" insert ", but no appropriation shall thereby be increased by more than 5 per centum".

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. GROSS. Mr. Speaker, reserving the right to object, may we have a brief explanation of the restriction which was placed in this bill by the other body.

Mr. DULSKI. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from New York.

Mr. DULSKI. The bill, H.R. 7423, as passed by the House, authorizes the Postmaster General to transfer appropriated funds from one appropriation to another provided the appropriation act involved authorizes such transfers. The House-passed bill limited the transfers to amounts not exceeding 5 percent of the appropriation from which transferred.

The Senate amendment adds a further limitation providing that no appropriation shall be increased by more than 5 percent by reason of the transfers. I believe this is a reasonable restriction.

Mr. GROSS. Would the gentleman go one step further? The Senate amendment provides that no appropriation can be increased more than 5 percent?

Mr. DULSKI. In total.

Mr. GROSS. In total?

Mr. DULSKI. In total, yes.

Mr. GROSS. And that is for each specific appropriation; is that correct?

Mr. DULSKI. That is correct.

Mr. GROSS. Not 5 percent on the lump sum appropriation?

Mr. DULSKI. No. There are four different appropriations. They are still permitted only 5 percent.

Mr. GROSS. I thank the gentleman.

Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

TO PROVIDE FOR COST-OF-LIVING ADJUSTMENTS IN STAR ROUTE CONTRACT PRICES

Mr. DULSKI. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 2035) to provide for cost-of-living adjustments in star route contract prices, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1 line 5, strike out "subsection:" and insert "subsections:".

Page 1, line 6, strike out "1965," and insert "1966,".

Page 1, line 10, strike out "1963" and insert "1964".

Page 2, line 6, strike out "1965," and insert "1966,".

Page 2, line 7, strike out "1963 to 1964" and insert "1964 to 1965".

Page 2, line 10, strike out "1964," and insert "1965,".

Page 2, line 17, strike out "any year other than 1965" and insert "each year after 1966,".

Page 3, line 7, strike out "centum." " and insert "centum."

Page 3, after line 7, insert:

"(d) The increases authorized by subsection (c) of this section shall not apply in the case of any contractor who operates more than one star route contract or to any contract which has been increased pursuant to subsection (a) of this section within the twelve months next preceding the date on which an adjustment in such contract would otherwise be authorized under subsection (c) of this section."

Mr. DULSKI. Mr. Speaker, H.R. 2035 passed the House on July 12, 1965, and provided the procedure for an automatic cost-of-living adjustment in the contract price of certain star route contracts whenever the Consumer Price Index reflects an increase of at least one percent in one year

Under the House-passed bill, the Postmaster General, after January 1, 1965, was required to make the initial determination of any change in the annual average of the Consumer Price Index from 1963. On the basis of such determination, the star route contracts were to be adjusted effective July 1, 1965, if the Postmaster General determined that the annual average from 1963 to 1964 was equal to a rise of at least one percent.

The Senate amendments, 1 through 8, are technical amendments inserting more current dates in the bill so that the first contract adjustment will be effective July 1, 1966, rather than July 1, 1965, as provided in the House bill.

Senate Amendment No. 9 adds a new subsection (d) to confine the adjustments to contractors who operate not more than one contract, and to preclude any increase if, within the 12 months preceding the date of the cost-of-living adjustments, the contract has been increased by action of the Post Office Department under 39 U.S.C. 6423(a).

This latter section authorizes the Postmaster General to adjust the contract price to reflect certain increases or decreases in the cost of operation of the star route contracts.

I believe the Senate amendment is a reasonable amendment as there would be no justification for any particular star route contractors to be entitled to two adjustments during any particular 12-month period.

I have been advised that the representatives of the star route contractors support this amendment.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

COTTON RESEARCH AND PROMOTION

Mr. HAGEN of California submitted the following conference report and statement on the bill (H.R. 12322) to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position, and to expand markets for, cotton:

CONFERENCE REPORT (H. REPT. NO. 1673)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12322) to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 2; and agree to the same.

HAROLD D. COOLEY,
W. R. POAGE,
E. C. GATHINGS,
HARLAN HAGEN,
PAUL B. DAGUE,
PAGE BELCHER,
CHARLES M. TEAGUE,
Managers on the Part of the House.

HERMAN E. TALMADGE,
JAMES O. EASTLAND,
B. EVERETT JORDAN,
GEORGE D. AIKEN,
MILTON R. YOUNG,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the Conference on the disagreeing votes of the two houses on the amendments of the Senate to the bill H.R. 12322, to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton, submit the following statement and explanation of the effect of the action agreed upon by the conferees and recommended the accompanying conference report.

H.R. 12322 would authorize the Secretary of Agriculture to issue a marketing order authorizing the collection of contributions from cotton producers of $1.00 per bale to be used for the purpose of research and promotion to further the consumption of cotton in the United States. As in the case of other marketing orders, the bill provides that the proposed marketing order should be approved in a referendum of cotton producers by two-thirds of the producers voting in the referendum or two-thirds of the cotton production represented by producers in the referendum.

The Senate amended the bill in two respects: (1) To provide that the assessment could not exceed $1.00 per bale; (2) To provide that approval of the marketing order in the referendum by a vote of two-thirds of the volume represented would not be effective unless such vote also represented at least a majority of the producers voting in the referendum.

In the meeting of the conferees it was stated that the Secretary of Agriculture had announced that he would not approve the proposed marketing order unless a majority of the producers voted in favor of it, if the

decision were to be made on a volume of production basis. The Senate amendment dealing with this matter appeared, therefore, to be a moot question and the House conferees accepted this amendment.

Having accepted the amendment with respect to the referendum, the conferees felt that it would give cotton producers greater confidence in the proposed program to accept also the first Senate amendment which provides that the producer assessment under the proposed marketing order cannot be, under any circumstances, more than $1.00 per bale under this legislation.

HAROLD D. COOLEY,
W. R. POAGE,
E. C. GATHINGS,
HARLAN HAGEN,
PAUL B. DAGUE,
PAGE BELCHER,
CHARLES M. TEAGUE,
Managers on the Part of the House.

HAZARDOUS DUTY PAY

Mr. DANIELS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 1535) to amend the Classification Act of 1949 to authorize the establishment of hazardous duty pay in certain cases, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 10, strike out "and".

Page 2, after line 10, insert:

"(3) shall be paid for such minimum periods as the Commission may determine to be appropriate; and".

Page 2, line 11, strike out "(3)" and insert "(4)".

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

PRESERVATION OF THE ARCHITECTURAL INTEGRITY OF THE CAPITOL

(Mr. SCHEUER asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. SCHEUER. Mr. Speaker, the historic beauty and architectural integrity of our Nation's Capitol is in jeopardy. This magnificent monument, symbol to all the world of the grandeur of our land, our people, our history and traditions, now faces despoliation.

This desecration will result from the extension of the west wing of the Capitol. In justifying the need for this construction, the assistant Architect of the Capitol noted that 10,000 square feet of additional space was required to store in the Capitol pre-Civil War records which are now housed in the National Archives. What an unbelievable suggestion—to deface our Capitol in order to house century-old records which are now properly in the National Achives—a building constructed for the sole purpose of housing such documents.

Mr. Speaker, I am not opposed to the construction of needed additional tourist facilities, restaurants or storage space. Indeed, I heartily favor providing all needed and appropriate conveniences for Members of Congress. What I am opposed to is the nonplanned, reckless manner in which these facilities are being planned.

Every major city in the Nation must now have a master plan in order to receive Federal moneys for urban renewal. Why should the 131 acres comprising the Capitol Grounds, with their majestic and historic monuments, be the only major urban area in the United States to lack a master plan?

Construction of new facilities in the Capitol should not take place before we undertake a comprehensive survey of present resources in relation to the present and future needs. There should first be a management survey of the long-term needs of the Congress, office space, restaurants, storage space, recreational facilities, libraries and parking space. The Congress should then develop a comprehensive physical plan for the phasing in of construction to meet these needs.

The Congress of the United States, in its wisdom, demanded the faithful restoration and preservation of the historic spirit of the White House. Justification for the expense of the restoration of the White House was made on the grounds that it "occupied an important and valued place in the affection of the American people."

Does not the Capitol belong in this category? Is not this building also more than bricks and mortar? Is it not the embodiment of the American spirit still resonant with echoes from the soaring prose of the American giants, Adams, Webster, Calhoun, Douglas and Clay. What could be more worth preserving in this country than the very symbol of its growth and the reflection of its greatness?

In order to protect our Capitol I am today introducing two measures in Congress.

The first is a resolution which prohibits any change, other than restoration, in the location or design of the west front of the Capitol.

The second measure, which I have introduced would establish a Commission on Architecture and Planning for the Capitol. This Commission would be composed of nine experts in the field of architecture and planning. Seven would be appointed by the President of the United States, one by the Speaker of the House of Representatives, and one by the President pro tempore of the Senate.

This Commission would have as its major responsibility the task of protecting and enhancing the beauty of the Capitol of the United States. It would guard against slipshod planning, banal architecture and mutilation of this country's great monuments.

Several major cities throughout the world have taken action to protect their buildings of great artistic and historic worth. In my own city of New York, we had no problem restoring our city hall, which in terms of structural material and state of disrepair was comparable to the west front of the Capitol. Likewise an aroused public together with a concerned Governor and mayor acting in constructive, bipartisan fashion, have assured the reconstruction and preservation of the famed Metropolitan Opera House. In both of these efforts, we had our doubters, our critics and skeptics. But New York did not sacrifice the venerable structures to the wrecking ball. In New York, a high regard for modernity did not obviate a respect for tradition, a love of beauty and the patience to reproduce with fidelity and precision the pure design of treasured and symbolic ancient buildings.

The renaissance of the old town of Warsaw is another case in point. Leveled by bombers in World War II, it was rebuilt by the Poles as a visible symbol of the indestructibility of their history. All it took in Poland, as in New York City, was determination, pride, and purpose.

Have Buckingham Palace, the British Houses of Parliament, and the great Wren Churches of England met with the same treatment we contemplate inflicting on our Capitol? Of course not. The British have too great a respect for tradition and the symbols of their greatness to deny to future generations the pride and pleasure of their glorious past.

Indeed, while witnessing the repair of the Houses of Parliament, also leveled by the bombers and rockets of World War II, Sir Winston Churchill remarked that he was happy that he was alive to see that every single stone was put back in its proper place.

I believe that the people of this country, from the northern reaches of Oregon and Washington to the southern Florida keys, the people who every year make pilgrimages to see the living monuments of this Capital City, will not condone the wanton and irreparable destruction which imminently threatens the Capitol.

How gratuitously and flagrantly it would outrage the sensibility of all those who cherish our past and view the Capitol Building as part of a living shrine—uniquely associated with American greatness, and political history and traditions.

The record of the Senate hearings on legislative branch appropriations for 1967 should be required reading for all those interested in Capitol Hill construction.

The Capitol Architect testified, at the Senate hearings, that the west front of the Capitol has already been shored up. He stated that this would benefit the building for at least 5 years. The Capitol Architect then stated that he planned to obtain construction funds for the extension of the west side of the Capitol in a supplemental appropriations bill, without the benefit of full hearings.

Mr. Speaker, I confess that I do not understand these contradictory remarks. If the temporary shoring job will last for 5 years why is Congress now being rushed, pell mell, into approving the expenditure for the Capitol extension? Why have we dispensed with the usual procedure of open hearings? Why must the regular appropriation process be circumvented?

In other branches of the Federal Government, enlightened leadership and

thoughtful care is now given to the development of first rate, well-planned and well-designed structures. Both the General Services Administration and the Department of Housing and Urban Development have effective procedures for the selection of architects of noted accomplishment and proven talent for major Government buildings projects.

Precedents for good planning and attention to architectural excellence exist right here in the District of Columbia. One of the world's greatest architects, Mies Van der Rohe, has been commissioned to design the new public library in the District. The Franklin Delano Roosevelt Memorial Commission, under the splendid leadership of Congressman EUGENE KEOGH, of Brooklyn, N.Y., cooperated with the American Institute of Architects in selecting the renowned Marcel Breuer to design this country's memorial to the late President Roosevelt.

In the last century William Hickling Prescott said:

> The surest test of the civilization of a people is to be found in their architecture, which presents so noble a field for the display of the grand and the beautiful.

Mr. Speaker, let not the 89th Congress make its place in history by presiding over the ruination of our magnificent Capitol. If it is restaurants we need, let us build restaurants; if it is storage space, let us have more storage space. But let us build with order, logic and imagination. Let us not destroy our heritage by the helter-skelter, mindless, ad hoc, renovation which now threatens the west front of the Capitol.

IMPROVEMENTS TO THE WEST FRONT OF THE CAPITOL

(Mr. HAYS asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include an article from Time magazine of this week.)

Mr. HAYS. Mr. Speaker, I would commend to the gentleman from New York [Mr. SCHEUER], who just spoke, the reading of the article from Time magazine, which points out the fact that the Capitol of the United States is a place for business.

Mr. Speaker, I never heard of as many amateur architects in my life.

Mr. Speaker, every time we try to repair the Capitol and to clean the rust off the steel beams to keep the roof from falling in, we hear these complaints. And, when they are repaired, there are those who think we ought to leave these steel beams.

Mr. Speaker, no one is talking about destroying the Capitol.

Mr. Speaker, I do not know whether the gentleman from New York [Mr. SCHEUER] knows the history of the Capitol or not, but the sandstone that is contained within the structure of the Capitol was quarried on the farm of George Washington and this was used at that time because it was cheaper than marble and, as the gentleman said, it has crumbled like cake.

Mr. Speaker, another thing, the gentleman was a party, I believe, to destroying some very lovely old houses down here in Southeast Washington and replacing them with an architecture which I do not really fancy but against which I have not made any objection.

Mr. Speaker, I believe there was a profit involved, and I am glad of it. I hope the gentleman makes a mint out of it.

But, Mr. Speaker, if we find the need is such that the congressional members of the Commission find it necessary to repair the Capitol and to enlarge it, this will not be the first time it has been done.

Mr. Speaker, this Chamber which we now occupy was not the original Capitol.

WEST FRONT OF THE CAPITOL

Mr. MCCORMACK. Mr. Speaker, I am informed that the Society of American Registered Architects has appointed a committee of nine architects to evaluate the controversy regarding the proposed extension of the west front of the Capitol. The letter so informing me, together with a copy of the unanimous resolution of this committee, is as follows:

SOCIETY OF AMERICAN REGISTERED ARCHITECTS,
Washington, D.C., June 28, 1966.

The Honorable JOHN W. MCCORMACK,
Chairman, Commission for Extension of the United States Capitol, House of Representatives, Capitol Building, Washington, D.C.

DEAR MR. CHAIRMAN: The Society of American Registered Architects has appointed a committee of nine architects to evaluate the controversy regarding the proposed extension of the West Front of the Capitol.

There is enclosed a copy of the unanimous resolution of this committee.

For the Committee,
FRANCIS L. KOENIG,
A.R.A., Chairman.

RESOLUTION OF THE WESTERN FRONT OF THE CAPITOL COMMITTEE OF THE SOCIETY OF AMERICAN REGISTERED ARCHITECTS

Whereas: members of this committee have visited the United States Capitol Building, have seen the tragic deterioration and dangerous conditions existing, have talked with the Architect of the Capitol and architect members of his staff and have been given for study and examination, plans, engineering reports and wall samples and

Whereas: the urgent need of additional centrally located space at the Capitol was convincingly demonstrated by the Capitol Architects staff and

Whereas: engineering reports by nationally recognized firms, after exhaustive investigation of every conceivable manner of correcting the structural deficiencies now threatening the entire west front of the building, recommend an addition to the building as the only feasible solution and

Whereas: the design of the proposed addition is in the hands of capable and dedicated registered staff architects, five associate architects and three advisory architects whose qualifications are nationally recognized and

Whereas: a physical inspection by committee members of marble replicas on the once controversial East Front, of the original deteriorated sandstone carvings with their fifty coats of gray paint, leaves no doubt concerning the improved appearance of these priceless details and

Whereas: after a review of the plans the committee is of the opinion that the 246,000 square feet of additional space to be provided fills needs expressed by the Congress and aids substantially in circulation now hampered by throngs of visitors and

Whereas: a review of the exterior design of the proposed facade with its new pediment and rearrangement of exterior stairways leads the committee to the conclusion that the proposed alteration is a distinct design improvement over the existing elevation.

Now therefore be it resolved, that this committee endorses without hesitation the proposal of the Architect of the Capitol and the associate and advisory architects to correct the condition of a crumbling Capitol by extending the West Front as proposed, accomplishing at the same time the addition of needed space and the preservation for posterity in marble, the architectural details that are now lost in crumbling sandstone and paint and

Be it further resolved, that this resolution be brought to the attention of the members of the Society with the suggestion that any member who can, would do well to accept the invitation of the Architect of the Capitol to personally visit the staff, see the problems and examine in depth, the proposed solution.

For the Committee,
FRANCIS L. KOENIG, A.R.A.,
Chairman.

John D. Zekan, Arlington, Virginia, Member.

Marion J. Varner, Vice-President, Pasadena, California, Member.

Matt E. Howard, Past President, Houston, Texas, Member.

Thurston W. Munson, Past President, Springfield, Mass., Member.

Wilfred J. Gregson, Past President, Atlanta, Georgia, Member.

Walter H. Simon, President, Denver, Colorado, Member.

Robert W. Stickle, Past President, Cleveland, Ohio, Member.

T. E. Samuelson, Past President, Chicago, Illinois, Member.

WEST FRONT EXTENSION

(Mr. TODD asked and was given permission to extend his remarks at this point in the RECORD, and to include extraneous matter.)

Mr. TODD. Mr. Speaker, the $34 million proposal to extend the west front of the Capitol is one that should be given the closest scrutiny by both the Congress and by the American people. For the Capitol is a building of profound significance for our country. It is the focal point of the Nation, the home of the Congres, and the symbol of our Union. Its architecture is deeply intermixed with our history, and although architecture alone is not a substitute for restraint and balance in the minds of men, it does much to remind us of the greatness which has preceded us and the progress which will follow us.

Tampering with such a building ought to be done only after the most careful consideration. For it is not just another building, which can easily be remodeled. It is the Capitol, and it ought not to be changed in stealth or as the result of obscure proceedings accomplished by a small group of men.

It is clear, Mr. Speaker, that the west front of the Capitol is crumbling. The engineering firm which studied the situation recommended that temporary steps to shore up the wall immediately be taken. This has been done. Now the question is how to best prevent the west front from faling down, while at the same time preserving the architectural balance and richness that has characterized this

89TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 1673

COTTON RESEARCH AND PROMOTION

JUNE 29, 1966.—Ordered to be printed

Mr. COOLEY, from the committee of conference submitted the following

CONFERENCE REPORT

[To accompany H.R. 12322]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12322) to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 2, and agree to the same.

HAROLD D. COOLEY,
W. R. POAGE,
E. C. GATHINGS,
HARLAN HAGEN,
PAUL B. DAGUE,
PAGE BELCHER,
CHARLES M. TEAGUE,
Managers on the Part of the House.

HERMAN E. TALMADGE,
JAMES O. EASTLAND,
B. EVERETT JORDAN,
GEORGE D. AIKEN,
MILTON R. YOUNG,
Managers on the Part of the Senate.

STATEMENT OF MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill H.R. 12322, to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton, submit the following statement and explanation of the effect of the action agreed upon by the conferees and recommended the accompanying conference report.

H.R. 12322 would authorize the Secretary of Agriculture to issue a marketing order authorizing the collection of contributions from cotton producers of $1 per bale to be used for the purpose of research and promotion to further the consumption of cotton in the United States. As in the case of other marketing orders, the bill provides that the proposed marketing order should be approved in a referendum of cotton producers by two-thirds of the producers voting in the referendum or two-thirds of the cotton production represented by producers in the referendum.

The Senate amended the bill in two respects: (1) To provide that the assessment could not exceed $1 per bale; and (2) to provide that approval of the marketing order in the referendum by a vote of two-thirds of the volume represented would not be effective unless such vote also represented at least a majority of the producers voting in the referendum.

In the meeting of the conferees it was stated that the Secretary of Agriculture had announced that he would not approve the proposed marketing order unless a majority of the producers voted in favor of it, if the decision were to be made on a volume of production basis. The Senate amendment dealing with this matter appeared, therefore, to be a moot question and the House conferees accepted this amendment.

Having accepted the amendment with respect to the referendum, the conferees felt that it would give cotton producers greater confidence in the proposed program to accept also the first Senate amendment which provides that the producer assessment under the proposed marketing order cannot be, under any circumstances, more than $1 per bale under this legislation.

HAROLD D. COOLEY,
W. R. POAGE,
E. C. GATHINGS,
HARLAN HAGEN,
PAUL B. DAGUE,
PAGE BELCHER,
CHARLES M. TEAGUE,
Managers on the part of the House.

○

HOUSE June 30, 1966

14. BALANCE OF PAYMENTS. Sens. Symington and Proxmire spoke on the balance-of-payments, interest rates, and the current-account situation of the U. S. pp. 14150, 14186-7

15. WORLD FOOD POLICY. Sen. McGovern identified some present and past officers of the International Federation of Agricultural Producers and commended and inserted a resolution on world economic development and world food policy adopted at that organization's recent conference in London. pp. 14153-4

16. DAIRY INDUSTRY. Sen. Proxmire commended the Secretary for announcing that the support price for dairy products would be pegged at $4., and inserted a memorandum from Sen. Nelson to the Secretary on the dairy income situation, although he stated "I do not completely agree with all of the conclusions of this memorandum." pp. 14155-7, 14160

Sen. McGovern called the announcement of the raise in price supports for manufacturing milk a wise move and stated that the Secretary is "to be congratulated." p. 14159

17. SMALL BUSINESS. Received the Sixteenth Annual Report of the Senate Select Committee on Small Business (S. Rept. 1349). p. 14101

18. PATENTS. Received from the Judiciary Committee a report, "Patents, Trademarks, and Copyrights" (S. Rept. 1350). p. 14101

19. LEGISLATIVE PROGRAM. Sen. Mansfield announced that the leadership intends to take up the Federal employees pay bill and the child nutrition bill on Monday, July 11, and the water and air pollution control bills on the following day. p. 14119

20. ADJOURNMENT. Both Houses agreed to H. Con. Res. 804, that when the two Houses adjourn on Thursday, June 30, 1966, they stand adjourned until 12 o'clock noon on Monday, July 11, 1966. pp. 14118-9, 14265

HOUSE

21. FOREIGN AID. The Rules Committee reported a resolution for consideration of H. R. 15750, the foreign aid authorization bill. p. 14241

Rep. Vivian stated foreign aid is a "partnership," the basis of which is "self-help," and inserted a portion of AID's report to Congress. pp. 14275-6

Rep. Gallagher inserted an address by David Bell recounting the Nation's foreign aid efforts and their "tangible results." pp. 14283-6

Rep. Fascell commended a "new development" in the foreign assistance effort being undertaken jointly by the Organization for Economic Cooperation and Development and the International Council of Voluntary Agencies "to obtain information on an unprecedented scale about the whole range of nongovernmental, nonprofit participation in development aid" which will be published in an "international directory." p. 14294

22. WATER RESOURCES. The Interior and Insular Affairs Committee reported with amendments H. R. 13419, to authorize the Secretary of the Interior to engage in feasibility investigations of water resource development proposals (H. Rept. 1686). p. 14298

23. COTTON. Agreed to the conference report on H. R. 12322, the cotton research and promotion bill (p. 14248). This bill will now be sent to the President. For a statement and explanation of the effect of the action agreed upon by th conferees see Digest 107.

24. RECLAMATION. A subcommittee of the Interior and Insular Affairs Committee approved for full committee action H. R. 9976, amended, relating to property compensation with respect to reclamation canals. p. D600

25. WATERSHEDS. Rep. Waggonner inserted an editorial critical of the proposed expansion of the Bureau of Reclamation and complimenting the work of this Department under the Watershed and Flood Protection Act. pp. 14236-7
Rep. Cleveland criticized the "holding up" by the Budget Bureau of watershed project plans. pp. 14263-4

26. MARKETING. The "Daily Digest" states that the Interstate and Foreign Commerce Committee will conduct public hearings on the fair packaging and labeling bills from July 26 through Aug. 4. p. D600

27. FOOD-FOR-PEACE. Both Houses received from the President the annual food-for-peace report (H. Doc. 457). pp.14096, 14250

28. FARM PROGRAM. Reps. Findley and Ashbrook inserted an article, "Back to 'The Pit'--Only Washington Is Doing Business as Usual in Wheat," which advocates giving the marketplace "free rein." pp. 14253-4, 14257

29. ECONOMY. Rep. Curtis commended and inserted an article, "Guidelines as Instruments of Economic Policy." pp. 14258-63

30. FARM PRICES; INFLATION. Rep. Nelsen inserted several articles expressing "resentment" toward the administration for its "efforts" to "make the American farmer the fall guy for inflation." pp. 14270-2

31. TRANSPORTATION. Rep. Holifield spoke in support of the proposed Department of Transportation. pp. 14272-5

32. OPINION POLL. Rep. Griffiths inserted the results of a questionnaire including items of interest to this Department. p. 14290

33. RESEARCH. Rep. Reuss discussed California, Cornell, and Yale faculty committee reports which are said to "significantly confirm" the findings of the House Research and Technical Programs Subcommittee that Federal research funds going to universities have had a detrimental effect on the quality of teaching in higher education. pp. 14279-81

34. LEGISLATIVE PROGRAM. Rep. Albert announced that on Tues., July 12, and the balance of that week the House will consider the foreign aid authorization bil p. 14253

ITEMS IN APPENDIX

35. INFORMATION. Reps. Anderson, Ill., and Monagan inserted articles favoring passage of the freedom of information bill. pp. A3538, A3541

Foreign Relations Committee to put three of its members on a special congressional watchdog committee for the CIA headed by Sen. RICHARD B. RUSSELL, D-Ga.

There were no official indications whether the approaching battle in the Senate over the proposal to enlarge the watchdog group had anything to do with Raborn's resignation.

CONTROVERSIES AROSE

There has been criticism of Raborn in some quarters on the grounds that as a military man he was not familiar with CIA cloak-and-dagger operations and that there had been morale problems in his administration of the agency.

In recent months, the CIA has become involved in an increasing number of controversies. Two court suits, the Senate dispute and a rash of newspaper and magazine articles have all raised questions about the agency's operations.

Ramparts magazine, in its April issue, charged that Michigan State University had provided a "cover" for CIA operatives in Viet Nam.

University officials acknowledged that CIA men were employed in the project, but said "we did not knowingly hire any CIA men—and when we found out about their role, we dropped them."

At the same time the Michigan State controversy erupted, the Star disclosed that an Estonian immigrant had filed a $110,000 slander suit in U.S. District Court in Baltimore against a fellow immigrant whom the CIA identified as one of its agents.

Eerik Heine, who filed the suit, alleged that Jrui Raus, the CIA employe, was instructed by the intelligence agency to warn Estonian immigrants in this country that Heine was a "dispatched Soviet intelligence operative, a KGB agent."

Both the CIA and Raus have contended that Raus was acting as a government official and therefore was immune to slander suits. The court has not yet ruled on whether that defense can be accepted.

Members of the Senate Foreign Relations Committee, led by Chairman J. W. FULBRIGHT, D-Ark., have voiced concern about allegations that the CIA is playing an increasing role in influencing foreign policy.

Another controversy developed after Foreign Affairs, a prestigious quarterly, published an article on "The Faceless Viet Cong," written by George A. Carver Jr. It was subsequently learned that the author was a full-time CIA employe, but the magazine, in a short biography, did not identify him as such.

Last month, the widow of a retired Marine colonel filed an $800,000 damage suit in U.S. District Court in Norfolk, alleging that her husband committed sucide because of drugs administered to him while he was being interviewed for a CIA position.

"There is no basis for the charges," the CIA said. "No drugs or medicines were ever administered to him at any time during his contacts with agency officials."

Raborn was named in April last year by the President to succeed John A. McCone, a Republican West Coast industrialist, as CIA director.

Johnson pointed out yesterday that Raborn was retired when he asked him to come to Washington to serve "for a period that would be agreeable to him." He said he told Raborn at the time that he hoped Helms could succeed him at the end of his tour of duty.

"Although he (Raborn) had no desire to return to Washington," the President added, "he agreed to come and serve for an indefinite period. He has done that. Now he desires to return to California."

Helms was named deputy director at the same time Raborn was picked to head the agency. Helms had been deputy director for plans since early 1962, when he succeeded Richard M. Bissell Jr.

Johnson opened his press conference yesterday with an announcement of the first assignment of funds to projects around the country under the new rent supplement housing program.

He said $600,000 has been set aside to provide for more than 1,000 units of "modest but decent housing" in Boston, Cleveland, New Orleans, New York, Omaha, Philadelphia, Providence, San Antonio, Saginaw, Mich., Pasco, Wash., the Watts area of Los Angeles, and the Delta area of Mississippi.

Congress appropriated the first money last month under the program approved last year. Johnson again yesterday urged the Senate to approve appropriations to carry the program forward in the fiscal year beginning July 1.

In response to questions, the President indicated that he hopes for a compromise to win Senate passage of the controversial open housing provision of the pending civil rights bill.

"We do have difficulties," the President remarked. "We are trying to resolve them and get a bill that can be approved by a majority of the Congress . . . We are hopeful we will get a good civil rights bill as near our recommendations as possible. We don't always get all we ask for."

[From the Washington Star, June 19, 1966]

CIA CHIEF HELMS IS FIRST CAREER MAN TO DIRECT AGENCY

"I know we've been critized a lot," the new director of the Central Intelligence Agency said yesterday, "but I don't believe a lot of it to be at all fair.

"All told, I think we have done a fine job over the years."

Richard McG. Helms, a career man with CIA since its founding nearly 20 years ago, gave this appraisal in a telephone interview.

Colleagues in the normally supersecret agency were happy to add their words of praise for the 53-year-old former newsman who now heads one of the U.S. government's biggest and most important organizations.

President Johnson announced at a news conference that retired Adm. William F. Raborn, the Polaris submarine developer who took over as CIA chief following John A. McCone's departure a year ago, has decided to go back to his California home.

Helms was raised to CIA's No. 2 spot under Raborn with the idea of grooming him for the top, $35,000-a-year job when the admiral departed, Johnson said.

The 6-foot-1-inch, brown-haired and brown-eyed Helms is, in a sense, the first career intelligence man to be promoted to the top of the CIA. His most widely known predecessor, Allen W. Dulles, had long experience in intelligence work, but was also a lawyer before going on the CIA roster in 1951.

BRILLIANT, DEDICATED

Those who know him describe Helms as a brilliant, dedicated, unbiased person—"the finest product of the CIA."

He was assistant to Richard Bissell when Bissell was director of plans and then replaced Bissell in 1962, the year of the Bay of Pigs, when Bissell resigned.

As assistant and then director for plans, Helms supervised the so-called "black operations" of CIA—the action branch of the agency.

He was considered a protege of Bissell, who although criticized for aspects of the Bay of Pigs operation, was recognized as a brilliant operative himself and is credited for many successful CIA operations—including the U2 spy plane flights over Russia.

ANONYMOUS ROLE

What role Helms played in this and other operations is not publicly known. Various books and articles critical of CIA operations mention Helms only in passing—as an unbiased, capable and efficient operator.

His anonymity may serve him well in handling the CIA's current problem with Congress. The Senate Foreign Relations Committee has been seeking to have its members named to a Senate subcommitee that oversees the agency's operations.

Efforts at a compromise have been unavailing, and Raborn Friday told Foreign Relations Committee Chairman J. WILLIAM FULBRIGHT, D-Ark., he would refuse to give members of FULBRIGHT's group any information about the sources of CIA information or the methods the agency uses.

Helms, a native of Saint David's, Pa., in suburban Philadelphia, graduated from Williams College in 1935 with Phi Beta Kappa honors and other achievements including his class presidency and editorship of the college newspaper.

In 1935–37 he was a United Press correspondent, and from 1937 until 1942 he was national advertising manager for the Indianapolis (Ind.) Times.

His government intelligence work began after he joined the U.S. Navy in World War II. As a lieutenant junior grade, he went with CIA's wartime predecessor—the Office of Strategic Services—in August 1943.

After his Navy discharge in 1946 he joined the War Department's Strategic Services Unit. From there he went to the Central Intelligence Group, which in 1947 was formed into the CIA with Helms as a deputy director.

During such time as he gets off, Helms likes to spring about a tennis court, go for walks and read.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. RIVERS of South Carolina. I am delighted to yield to the distinguished majority leader.

Mr. ALBERT. Mr. Speaker, I desire to associate myself with the remarks of the gentleman in commending the President of the United States for appointing this distinguished career public servant to this most important position.

Mr. RIVERS of South Carolina. I thank the gentleman.

Mr. GERALD R. FORD. Mr. Speaker, will the gentleman yield?

Mr. RIVERS of South Carolina. I am glad to yield to the distinguished minority leader.

Mr. GERALD R. FORD. It has been my privilege to know Richard Helms for a number of years. I first became acquainted with him when I was on the Defense Subcommittee on Appropriations and he was a witness before the subcommittee. I grew to know him better as a member of the Subcommittee on Appropriations which had a special interest in the Central Intelligence Agency.

Mr. Helms is a career man of the highest caliber, a man who has, by his ability and his record, reached the top of this important vital Agency of the United States.

I also commend the President for recommending Richard Helms to the important position of Director of the Central Intelligency Agency. I am sure the Agency is in good hands under his leadership.

Mr. RIVERS of South Carolina. I thank the gentleman from Michigan. I agree with him. This is one of the finest appointments the President of the United States has ever made in the interest of the security of this great Nation.

Mr. HOLIFIELD. Mr. Speaker, will the gentleman yield?

Mr. RIVERS of South Carolina. I am happy to yield to the distinguished gentleman from California.

Mr. HOLIFIELD. I wish to add my remarks and my approval of the remarks that have been made today in regard to both the distinguished career of Admiral Raborn and the appointment of Mr. Helms as head of the CIA. I wish also to compliment the President on the appointment of Richard Helms to be Director of the CIA. I have the utmost confidence in the appointment and believe that Mr. Helms will make a distinguished and valuable contribution to our Nation's safety and security.

Mr. RIVERS of South Carolina. I thank the gentleman.

Mr. Speaker, in future days the CIA will come under criticism by certain elements of the press, as it has in the past. This man needs our backing. He needs the backing of everyone in the Executive Department and he needs the backing of America, because we must not see the importance of this great agency eroded and downgraded by people who have ulterior motives toward our Nation.

COTTON RESEARCH AND PROMOTION

Mr. COOLEY. Mr. Speaker, I call up the conference report on the bill (H.R. 12322) to enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 29, 1966.)

Mr. COOLEY. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

ANNUAL REPORT OF THE OFFICE OF ALIEN PROPERTY FOR FISCAL YEAR 1965—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce:

To the Congress of the United States:

I am pleased to transmit the Annual Report of the Office of Alien Property for Fiscal Year 1965 as required by Section 6 of the Trading with the Enemy Act. It is the 23rd report of proceedings under that Act.

As this report indicates, we have reached the end of a very long road. After June 30, 1966, for the first time in 49 years, there will be no Government unit whose sole task will be the processing of alien property matters arising from the wartime seizure of property. Some alien property work remains which cannot be completed by June 30, 1966, principally because it is affected by litigation or proposed legislation. These remaining matters will be completed in the future by the part-time work of personnel of the Civil Division of the Department of Justice. But this does not detract from the fact that as of April 30, 1966, the staff which has completed the processing of about $900,000,000 in vested property will have closed all but about 50 of the more than 67,500 claims which were filed, all but about 450 of approximately 62,000 accounts, and it will have pending only about 30 of the more than 7,000 cases which it has litigated.

The imminent closing of the Office of Alien Property is another step in our determination to find the most efficient way to serve the American public. In the War Claims Act of 1948, as amended, Congress has authorized thousands of American citizens to file claims against the net proceeds of vested property which are maintained in the War Claims Fund. Since the costs of the Office of Alien Property are deducted from the proceeds of vested property, closing the Office will soon mean the end of deductions of its administrative costs, thereby leaving more funds for the claimants to share. And the public generally will benefit by the absorption into other necessary work of the mere handful of knowledgeable and dedicated employees who have brought this fruitful work virtually to its close.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *June 29, 1966.*

THE PRESIDENT'S ALLEGED LOSS OF POPULARITY—EXCERPTS FROM THE SPEECH DELIVERED TO THE NAVAL RESERVE OFFICERS' ASSOCIATION OF CINCINNATI, JUNE 20, 1966, BY THE HONORABLE JOHN J. GILLIGAN

(Mr. ALBERT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALBERT. Mr. Speaker, our distinguished colleague, the gentleman from Ohio [Mr. GILLIGAN] has made an excellent speech before the Reserve Officers' Association of Cincinnati on June 20, 1966. I ask unanimous consent to include with my remarks at this point in the RECORD excerpts from that speech.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The excerpts referred to follow:

EXCERPTS FROM THE SPEECH DELIVERED TO THE NAVAL RESERVE OFFICERS' ASSOCIATION OF CINCINNATI, JUNE 20, 1966

Much is heard today about the plummeting popularity of President Lyndon Johnson, as reflected in public opinion polls being taken around the country, and such noted writers as Walter Lippmann have ascribed the President's alleged loss of popularity to our involvement in the conflict in South Viet Nam. For instance Mr. Lippmann recently wrote, "The polls, plus the California primary elections have shown that the President no longer commands the great majority which elected him in 1964. This is the fact of the matter; there is room for much difference of opinion about why this has happened and what it means.

"Certainly the gross figures of the polls do not reflect a simple alignment of opinion for and against our part in the Vietnamese War. The current majority disapproves of the President's conduct of the war."

I think it is fair to say, as Mr. Lippmann does, that a great many Americans are unhappy with the war in Viet Nam; and, indeed, we would be a pretty sorry nation if our people did not have the most profound distaste for war and imperialistic adventures. It would seem evident that the President takes the blame for the fact that the war has not ended, indeed, that it ever started, and that it cannot be prosecuted to a quick and easy conclusion. But I think that acknowledging that fact is not quite the same thing as saying, as does Mr. Lippmann, "there is no easy solution available to the President or to us. The President has misconceived and misjudged the war, and the consequences, whether he leans now to the Hawks or the Doves, will be bloody, embarrassing and sterile. While the war goes on, the mood of the country grows angrier, and the hope of dealing with our truly gigantic problems by reason, good will and concensus is vanishing."

It would appear to me that such learned and erudite men as Mr. Lippmann, as well as some of the other critics of the President, would have developed somewhat greater historical perspective by contemplating the role that other Presidents have played at times of national crisis, and what happened to their popularity at the time.

For instance we are accustomed to look back at the Civil War through the rosy glasses of history and sentimentality and think of that era as a rather romantic period of gallantry and grace. All of us have learned from the cradle all the stories about the gentle and beloved Abraham Lincoln, who was enshrined in the hearts of all of his countrymen. Nothing, of course, could be further from the truth.

In November, 1864, Abraham Lincoln won reelection to the Presidency by a very narrow margin and his opponent, General McClellan, ran on a "peace platform", in which he promised that if he were elected President, a speedy armistice would be negotiated with the Southern States, and the seceded states would be given the right to determine whether or not they wanted to return to the Union, and whether or not they wanted to abolish slavery.

It was widely held and argued that all of the slaves of the South were not worth the life of one Union soldier, and instead of the rather peaceful, but noisy, demonstrations by the peaceniks of today, there were then the bloody draft riots in New York when hundreds of men (largely recently arrived Irish immigrants) burned and looted and pillaged in the most violent sort of protest against being drafted into the Union Army.

When we realize how narrow was Lincoln's margin of victory in that fateful election, we would do well to recall that only the people in the North were voting, and that if the Southerners had been able to cast ballots in that election, Lincoln would have been disastrously defeated.

If there had been Gallup Polls in 1864, Lincoln would have cut a very sorry figure; and if the term, concensus, had been part

Public Law 89-502
89th Congress, H. R. 12322
July 13, 1966

An Act

To enable cottongrowers to establish, finance, and carry out a coordinated program of research and promotion to improve the competitive position of, and to expand markets for, cotton.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be known as the Cotton Research and Promotion Act.

Cotton Research and Promotion Act.

LEGISLATIVE FINDINGS AND DECLARATION OF POLICY

SEC. 2. Cotton is the basic natural fiber of the Nation. It is produced by many individual cottongrowers throughout the various cotton-producing States of the Nation. Cotton moves in large part in the channels of interstate and foreign commerce and such cotton which does not move in such channels directly burdens or affects interstate commerce in cotton and cotton products. All cotton produced in the United States is in the current of interstate or foreign commerce or directly burdens, obstructs, or affects interstate or foreign commerce in cotton and cotton products. The efficient production of cotton and the maintenance and expansion of existing markets and the development of new or improved markets and uses is vital to the welfare of cottongrowers and those concerned with marketing, using, and processing cotton as well as the general economy of the Nation. In the years since World War II, United States cotton and the products thereof have been confronted with intensive competition, both at home and abroad, from foreign-grown cotton and from other fibers, primarily manmade fibers. The great inroads on the market and uses for United States cotton which have been made by manmade fibers have been largely the result of extensive research and promotion which have not been effectively matched by cotton research and promotion. The production and marketing of cotton by numerous individual farmers have prevented the development and carrying out of adequate and coordinated programs of research and promotion necessary to the maintenance and improvement of the competitive position of, and markets for, cotton. Without an effective and coordinated method for assuring cooperative and collective action in providing for, and financing such programs, individual cotton farmers are unable adequately to provide or obtain the research and promotion necessary to maintain and improve markets for cotton.

It has long been found to be in the public interest to have, or endeavor to have, a reasonable balance between the supply of and demand for cotton grown in this country. To serve this public interest the Congress has provided for the comprehensive exercise of regulatory authority in regulating the handling of such cotton supplemented by price-support programs with the objective of adjusting supply to demand in the interest of benefiting producers and all others concerned with the production and handling of cotton as well as the general economy of the country. In order for the objective of such programs to be effectuated to the fullest degree, it is necessary that the existing regulation of marketing be supplemented by providing as part of the overall governmental program for effectuating this objective, means of increasing the demand for cotton with the view of eventually reducing or eliminating the need for limiting marketings and supporting the price of cotton.

It is therefore declared to be the policy of the Congress and the purpose of this Act that it is essential in the public interest through the exercise of the powers provided herein, to authorize and enable the establishment of an orderly procedure for the development, financ-

ing through adequate assessments on all cotton harvested in the United States, and carrying out an effective and continuous coordinated program of research and promotion designed to strengthen cotton's competitive position and to maintain and expand domestic and foreign markets and uses for United States cotton.

COTTON RESEARCH AND PROMOTION ORDERS

SEC. 3. To effectuate the declared policy of this Act, the Secretary shall, subject to the provisions of this Act, issue and from time to time amend, orders applicable to persons engaged in the harvesting, marketing, ginning, or other handling of cotton, hereinafter referred to as handlers. Such orders shall be applicable to all production or marketing areas, or both, in the United States.

NOTICE AND HEARING

SEC. 4. Whenever the Secretary has reason to believe that the issuance of an order will tend to effectuate the declared policy of this Act he shall give due notice and opportunity for a hearing upon a proposed order. Such hearing may be requested and a proposal for an order submitted by any cotton producer organization certified pursuant to section 14 of this Act or by any other interested person or persons, including the Secretary.

FINDING AND ISSUANCE OF AN ORDER

SEC. 5. After notice and opportunity for hearing as provided in section 4, the Secretary shall issue an order if he finds, and sets forth in such order, upon the evidence introduced at such hearing, that the issuance of such order and all the terms and conditions thereof will tend to effectuate the declared policy of this Act.

PERMISSIVE TERMS IN ORDERS

SEC. 6. Orders issued pursuant to this Act shall contain one or more of the following terms and conditions, and except as provided in section 7, no others.

(a) Providing for the establishment, issuance, effectuation, and administration of appropriate plans or projects for the advertising and sales promotion of cotton and its products and for the disbursement of necessary funds for such purposes: *Provided, however*, That any such plan or project shall be directed toward increasing the general demand for cotton or its products but no reference to a private brand or trade name shall be made if the Secretary determines that such reference will result in undue discrimination against the cotton products of other persons: *And provided further*, That no such advertising or sales promotion programs shall make use of false or unwarranted claims in behalf of cotton or its products or false or unwarranted statements with respect to the quality, value, or use of any competing product.

(b) Providing for establishing and carrying on research and development projects and studies with respect to the production, ginning, processing, distribution, or utilization of cotton and its products, to the end that the marketing and utilization of cotton may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(c) Providing that handlers or any class of handlers maintain and make available for inspection such books and records as may be

required by the order and for the filing of reports by such handlers at the times, in the manner, and having the content prescribed by the order, to the end that information and data shall be made available to the Cotton Board and to the Secretary which is appropriate or necessary to the effectuation, administration, or enforcement of the Act or of any order or regulation issued pursuant to this Act: *Provided, however*, That all information so obtained shall be kept confidential by all officers and employees of the Department of Agriculture and of the Cotton Board, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or upon the request, of the Secretary of Agriculture, or to which he or any officer of the United States is a party, and involving the order with reference to which the information so to be disclosed was furnished or acquired. Nothing in this section shall be deemed to prohibit (1) the issuance of general statements based upon the reports of a number of handlers subject to an order, which statements do not identify the information furnished by any person, or (2) the publication by direction of the Secretary, of the name of any person violating any order, together with a statement of the particular provisions of the order violated by such person. Any such officer or employee violating the provisions of this subsection shall upon conviction be subject to a fine of not more than $1,000 or to imprisonment for not more than one year, or to both, and shall be removed from office.

(d) Terms and conditions incidental to and not inconsistent with the terms and conditions specified in this Act and necessary to effectuate the other provisions of such order.

REQUIRED TERMS IN ORDERS

SEC. 7. Orders issued pursuant to this Act shall contain the following terms and conditions:

(a) Providing for the establishment and selection by the Secretary, of a Cotton Board, and defining its powers and duties, which shall include only the powers:

(1) To administer such order in accordance with its terms and provisions;

(2) To make rules and regulations to effectuate the terms and provisions of such order, including the designation of the handler responsible for collecting the producer assessment;

(3) To receive, investigate, and report to the Secretary complaints of violations of such order; and

(4) To recommend to the Secretary amendments to such order.

(b) Providing that the Cotton Board shall be composed of representatives of cotton producers selected by the Secretary from nominations submitted by eligible producer organizations within a cotton-producing State, as certified pursuant to section 14 of this Act, or, if the Secretary determines that a substantial number of producers are not members of or their interests are not represented by any such eligible producer organizations, from nominations made by producers in the manner authorized by the Secretary, so that the representation of cotton producers on the Board for each cotton-producing State shall reflect, to the extent practicable, the proportion which that State's marketings of cotton bears to the total marketings of cotton in the United States: *Provided, however*, That each cotton-producing State shall be entitled to at least one representative on the Cotton Board. Cotton Board. Selection.

(c) Providing that the Cotton Board shall, subject to the provisions of subsection (g) of this section, develop and submit to the Secretary

for his approval any advertising or sales promotion or research and development plans or projects, and that any such plan or project must be approved by the Secretary before becoming effective.

(d) Providing that the Cotton Board shall, subject to the provisions of subsection (g) of this section, submit to the Secretary for his approval, budgets on a fiscal period basis of its anticipated expenses and disbursements in the administration of the order, including probable costs of advertising and promotion and research and development projects.

(e) Providing that the producer or other person for whom the cotton is being handled shall pay to the handler of cotton designated by the Cotton Board pursuant to regulations issued under the order and that such handler of cotton shall collect from the producer or other person for whom the cotton, including cotton owned by the handler, is being handled, and shall pay to the Cotton Board, an assessment prescribed by the order, on the basis of bales of cotton handled, for such expenses and expenditures, including provision for a reasonable reserve, as the Secretary finds are reasonable and likely to be incurred by the Cotton Board under the order, during any period specified by him. To facilitate the collection and payment of such assessments, the Cotton Board may designate different handlers or classes of handlers to recognize differences in marketing practices or procedures utilized in any State or area, except that no more than one such assessment shall be made on any bale of cotton. The rate of assessment prescribed by the order shall be $1 per bale of cotton handled. The Secretary may maintain a suit against any person subject to the order for the collection of such assessment, and the several district courts of the United States are hereby vested with jurisdiction to entertain such suits regardless of the amount in controversy: *Provided*, That the remedies provided in this section shall be in addition to, and not exclusive of, the remedies provided for elsewhere in this Act or now or hereafter existing at law or in equity.

Recordkeeping and reporting requirements.

(f) Providing that the Cotton Board shall maintain such books and records and prepare and submit such reports from time to time, to the Secretary as he may prescribe, and for appropriate accounting by the Cotton Board with respect to the receipt and disbursement of all funds entrusted to it.

(g) Providing that the Cotton Board, with the approval of the Secretary, shall enter into contracts or agreements for the development and carrying out of the activities authorized under the order pursuant to sections 6 (a) and (b), and for the payment of the costs thereof with funds collected pursuant to the order, with an organization or association whose governing body consists of cotton producers selected by the cotton producer organizations certified by the Secretary under section 14, in such manner that the producers of each cotton-producing State will, to the extent practicable, have representation on the governing body of such organization in the proportion that the cotton marketed by the producers of such State bears to the total cotton marketed by the producers of all cotton-producing States, subject to adjustments to reflect lack of participation in the program by reason of refunds under section 11. Any such contract or agreement shall provide that such contracting organization or association shall develop and submit annually to the Cotton Board, for the purpose of review and making recommendations to the Secretary, a program of research, advertising, and sales promotion projects, together with a budget, or budgets, which shall show the estimated cost to be incurred for such

projects, and that any such projects shall become effective upon approval by the Secretary. Any such contract or agreement shall also provide that the contracting organization shall keep accurate records of all its transactions and make an annual report to the Cotton Board of activities carried out and an accounting for funds received and expended, and such other reports as the Secretary may require.

(h) Providing that no funds collected by the Cotton Board under the order shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsection (a) (4) of this section.

REQUIREMENT OF REFERENDUM AND COTTON PRODUCER APPROVAL

SEC. 8. The Secretary shall conduct a referendum among persons who, during a representative period determined by the Secretary, have been engaged in the production of cotton for the purpose of ascertaining whether the issuance of an order is approved or favored by producers. No order issued pursuant to this Act shall be effective unless the Secretary determines that the issuance of such order is approved or favored by not less than two-thirds of the producers voting in such referendum, or by the producers of not less than two-thirds of the cotton produced during the representative period by producers voting in such referendum and by not less than a majority of the producers voting in such referendum.

SUSPENSION AND TERMINATION OF ORDERS

SEC. 9. (a) The Secretary shall, whenever he finds that any order issued under this Act, or any provision thereof, obstructs or does not tend to effectuate the declared policy of this Act, terminate or suspend the operation of such order or such provision thereof.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of 10 per centum or more of the number of cotton producers voting in the referendum approving the order, to determine whether cotton producers favor the termination or suspension of the order, and he shall suspend or terminate such order at the end of the marketing year, as defined in the order, whenever he determines that suspension or termination of the order is approved or favored by a majority of the producers of cotton voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production of cotton, and who produced more than 50 per centum of the volume of the cotton produced by the cotton producers voting in the referendum.

(c) The termination or suspension of any order, or any provision thereof, shall not be considered an order within the meaning of this Act.

PROVISIONS APPLICABLE TO AMENDMENTS

SEC. 10. The provisions of this Act applicable to orders shall be applicable to amendments to orders.

PRODUCER REFUNDS

SEC. 11. Notwithstanding any other provision of this Act, any cotton producer against whose cotton any assessment is made and collected from him under the authority of this Act and who is not in favor of supporting the research and promotion program as provided for

herein shall have the right to demand and receive from the Cotton Board a refund of such assessment: *Provided*, That such demand shall be made personally by such producer in accordance with regulations and on a form and within a time period prescribed by the Board and approved by the Secretary, but in no event less than ninety days, and upon submission of proof satisfactory to the Board that the producer paid the assessment for which refund is sought, and any such refund shall be made within sixty days after demand therefor.

PETITION AND REVIEW

SEC. 12. (a) Any person subject to any order may file a written petition with the Secretary, stating that any such order or any provision of such order or any obligation imposed in connection therewith is not in accordance with law and praying for a modification thereof or to be exempted therefrom. He shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations made by the Secretary. After such hearing, the Secretary shall make a ruling upon the prayer of such petition which shall be final, if in accordance with law.

(b) The district courts of the United States in any district in which such person is an inhabitant, or has his principal place of business, are hereby vested with jurisdiction to review such ruling, provided a complaint for that purpose is filed within twenty days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the Secretary by delivering to him a copy of the complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted pursuant to subsection (a) of this section shall not impede, hinder, or delay the United States or the Secretary from obtaining relief pursuant to section 13(a) of this Act.

ENFORCEMENT

SEC. 13. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating any order or regulation made or issued pursuant to this Act.

(b) Any handler who willfully violates any provision of any order issued by the Secretary under this Act, or who willfully fails or refuses to collect or remit any assessment or fee duly required of him thereunder, shall be liable to a penalty of not more than $1,000 for each such offense which shall accrue to the United States and may be recovered in a civil suit brought by the United States.

CERTIFICATION OF COTTON PRODUCER ORGANIZATION

SEC. 14. The eligibility of each cotton producer organization to represent cotton producers of a cotton producing State to request the issuance of an order under section 4, and to participate in the making of nominations under section 7(b) shall be certified by the Secretary and shall be based in addition to other available information upon a factual report submitted by the organization which shall contain

nformation deemed relevant and specified by the Secretary for the naking of such determination, including the following:

(a) Geographic territory within the State covered by the organization's active membership;

(b) Nature and size of the organization's active membership in the State, proportion of total of such active membership accounted for by farmers, a map showing the cotton-producing counties in such State in which the organization has members, the volume of cotton produced in each such county, the number of cotton producers in each such county, and the size of the organization's active cotton producer membership in each such county;

(c) The extent to which the cotton producer membership of such organization is represented in setting the organization's policies;

(d) Evidence of stability and permanency of the organization;

(e) Sources from which the organization's operating funds are derived;

(f) Functions of the organization; and

(g) The organization's ability and willingness to further the aims and objectives of this Act:

Provided, however, That the primary consideration in determining he eligibility of an organization shall be whether its cotton farmer nembership consists of a sufficiently large number of the cotton producers who produce a relatively significant volume of cotton to reasonably warrant its participation in the nomination of members for he Cotton Board. The Secretary shall certify any cotton producer organization which he finds to be eligible under this section, and his determination as to eligibility shall be final.

REGULATIONS

SEC. 15. The Secretary is authorized to make such regulations with he force and effect of law, as may be necessary to carry out the provisions of this Act and the powers vested in him by this Act.

INVESTIGATIONS: POWER TO SUBPENA AND TAKE OATHS AND AFFIRMATIONS: AID OF COURTS: SELF-INCRIMINATION

SEC. 16. (a) The Secretary may make such investigations as he leems necessary for the effective carrying out of his responsibilities der this Act or to determine whether a handler or any other person s engaged or is about to engage in any acts or practices which constiute or will constitute a violation of any provision of this Act, or of ny order, or rule or regulation issued under this Act. For the purose of any such investigation, the Secretary is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, ake evidence, and require the production of any books, papers, and locuments which are relevant to the inquiry. Such attendance of vitnesses and the production of any such records may be required rom any place in the United States. In case of contumacy by, or refusal to obey a subpena issued to, any person, including a handler, he Secretary may invoke the aid of any court of the United States vithin the jurisdiction of which such investigation or proceeding is arried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the produc-

tion of books, papers, and documents; and such court may issue an order requiring such person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

(b) No person shall be excused from attending and testifying or from producing books, papers, and documents before the Secretary, or in obedience to the subpena of the Secretary, or in any cause or proceeding, criminal or otherwise, based upon or growing out of any alleged violation of this Act, or of any order, or rule or regulation issued thereunder on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

DEFINITIONS

SEC. 17. As used in this Act:

(a) The term "Secretary" means the Secretary of Agriculture.

(b) The term "person" means any individual, partnership, corporation, association, or any other entity.

(c) The term "cotton" means all upland cotton harvested in the United States, and, except as used in section 7(e), includes cottonseed of such cotton and the products derived from such cotton and its seed.

(d) The term "handler" means any person who handles cotton or cottonseed in the manner specified in the order or in the rules and regulations issued thereunder.

(e) The term "United States" means the 50 States of the United States of America.

(f) The term "cotton-producing State" means any State in which the average annual production of cotton during the five years 1960–1964 was twenty thousand bales or more, except that any State producing cotton whose production during such period was less than such amount shall under regulations prescribed by the Secretary be combined with another State or States producing cotton in such manner that such average annual production of such combination of States totaled twenty thousand bales or more, and the term "cotton-producing State" shall include any such combination of States.

(g) The term "marketing" includes the sale of cotton or the pledging of cotton to the Commodity Credit Corporation as collateral for a price support loan.

SEPARABILITY

SEC. 18. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION

80 STAT. 287

SEC. 19. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such funds as are necessary to carry out the provisions of this Act. The funds so appropriated shall not be available for the payment of the expenses or expenditures of the Cotton Board in administering any provisions of any order issued pursuant to the terms of this Act.

EFFECTIVE DATE

SEC. 20. This Act shall take effect upon enactment.

Approved July 13, 1966.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 1300 (Comm. on Agriculture) and No. 1673 (Comm. of Conference).
SENATE REPORT No. 1272 (Comm. on Agriculture & Forestry).
CONGRESSIONAL RECORD, Vol. 112 (1966):
Mar. 3: Considered and passed House.
June 15: Considered and passed Senate, amended.
June 28: Senate agreed to conference report.
June 30: House agreed to conference report.